THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

June 22, 1946

U. S. DOLLAR DIPLOMACY

AN EDITORIAL

Solution of German Problem

By Leo Rissin

Battle of Penhsihu

By "Observer"

Elevation of Rural Standards

By Urii Sdobnikov

EDITORIAL POLICY

AN EDITORIAL

VOLUME 102 PRICE CNC$500 NUMBER 4

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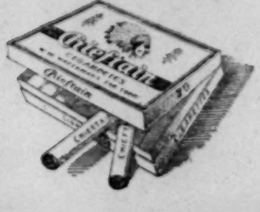
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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of **The China Weekly Review.**

World Leadership

To The Editor:

Recently I read an article in the Readers' Digest entitled "Is The U.S. Fit To Lead The World?" In the writer's opinion: Yes, the U.S. is fit, but he acknowledged that in history, both ancient and modern, many a nation had an opportunity to take the lead but it failed and became a selfish empire fattened up by squeeze. If the U.S. could seize the present opportunity to be the leader of the world, the writer added, she would play her role justly and well.

I regret to see that many Americans share the opinion of this writer. I am afraid that one day, with this kind of view spreading, race prejudice would be again rampant; for was it not Hitler who also advocated his leadership over the world? And more, was it not Japan who always propagated her leadership in building her "New Order" in the Far East and the Pacific in her heyday?

In my opinion, no one nation is fit to lead the world as a whole. I think co-operation and co-ordination only can be allowed in handling world affairs. If anyone thinks he has arbitrary power in directing others' affairs because of his leadership, he will stumble!

DUCAN LEE.

Kaifeng, Honan,
June 9, 1946.

Midnight Search

To The Editor:

The Woosung-Shanghai Garrison Headquarters has announced that since the curfew has been abolished, new police have been hired for the purpose of searching "suspicious" people on the streets after midnight. While this may be a good idea in theory and quite reasonable, it also is filled with possibilities.

Having become almost completely disillusioned since the arrival of our great liberators from Chungking, I think that this is just another racket cooked up by the Garrison Headquarters to obtain more jobs for relatives, more squeeze for police and soldiers and an additional device to interfere with the freedom of the citizens.

SUSPICIOUS STUDENT.

Shanghai,
June 18, 1946.

THE CHINA WEEKLY REVIEW

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Jeep Joyrides

To The Editor:

I was pleased to see the story from Nanking this week that henceforth Chinese wives, sweethearts and other females are to be forbidden to ride in Chinese Army jeeps and other military vehicles.

It was bitter enough to see Chinese and Russian "Jeep Girls" riding around in the vehicles of our Allies following our liberation when the rest of us had to walk, but it has been worse to see the same state of affairs prevailing as soon as our own militarists got a hold of jeeps.

I remember when the local police first received their jeeps from the Americans. Like other Shanghailanders, I was very pleased to hear that we too would have a jeep patrol. However, the first such police jeep I saw was full of people and things that had no business being in it. There was a driver and a policeman and then there was a man and woman civilian and part of an orchestra, including the big drum.

I hope this new rule against the carrying of extraneous matter in military vehicles will be enforced strictly.

I-CHIH LIANG.

Shanghai,
June 17, 1946.

Air Service Poor

To The Editor:

Inasmuch as this letter is a rather severe criticism of one of China's large corporations which is controlled by the government, I doubt if it will be published. I do, however, think the public should know the facts.

On May 22, 1946 a CNAC (China National Airway Corporation) airplane was scheduled to leave Chungking, destinations Canton, Hongkong, Shanghai and return to Chungking. Thirty-five passengers bought tickets and were instructed to report to the field at six a.m. After four hours the plane was ready to go, but the pilot refused to fly because of an argument with the weather officer.

Though the morning fog was rather heavy the pilot said he could see well enough to take off and started the motors. At this point the operations manager ran to the plane and threatened the pilot with a penalty if he flew passengers without weather clearance. By this time the passengers were very much alarmed. Fifteen minutes later the weather cleared, but the pilot then refused to fly.

The next day the same 35 passengers reported to the airfield at six a.m. to be informed that the scheduled plane was taken over by several government officials and no passengers were allowed. Several

THE CHINA WEEKLY REVIEW

J. B. POWELL, *Editor and Publisher*
(In the United States, Address: 35 Fifth Avenue, New York, N.Y.)

JOHN W. POWELL
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PUBLISHED AT 160 CHUNG CHENG ROAD (EASTERN), SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, U.S.A. REGISTERED AT THE CHINESE POST OFFICE AS A NEWSPAPER FOR TRANSMISSION WITH SPECIAL MARKS PRIVILEGES IN CHINA.

Contents of previous issues of The China Weekly Review may be found in the "International Index of Periodicals," copies of which are on file in most standard libraries.

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days later the passengers again reported to the field and boarded the plane and this time progressed as far as the runway ready to take off when a motor failed, again the flight was cancelled.

Two days later, for the fourth time, the same passengers reported to the field, but this time the cancellation was legitimate—ground crews and radio men were on strike! At last an excuse the people could understand! If customer relations in any way reflect employee relations in this company it is no wonder the technicians struck—we don't blame them.

Twice more the thirty-five passengers were called to the field with the CNAC report that the strike was over (all strikers were fired.) And twice more the CNAC business office and operations didn't know what was going on because the strike was not over.

Finally the strike was broken by the army (China National Air Force) pilots who have had no experience flying passenger planes. Unless CNAC immediately makes the following changes, service will continue to be poor and travel dangerous:

1. Immediately discontinues using army pilots.
2. Hires back all striking mechanics and radio men at an increase sufficient to compete with the high living index.
3. Rid the organization of all incompetent personnel in the operations and the business offices, very often the heads of these departments.

CNAC could, if properly managed and operated, play a valuable role in the rehabilitation of China's internal transportation system, but the series of incidents mentioned above are representative of every day happenings and the disgusting service at CNAC airfields and offices throughout the country, and must be corrected before CNAC becomes anymore than a third-rate air transportation organization.

L. S. KO.

Chungking,
June 12, 1946.

Rat Menace

To The Editor

No sooner than I read your valuable Editorial "Health Measures Needed," appearing in the first issue of June, I have greatly realized the rat menace. Immediately I put aside my book, patched all holes in the walls of my bedroom and then made a life and death fight against rats. Within three days, five small rats were killed. Now my room keeps very quiet. I will continue my exterminating work until no rodent comes in again.

It was reported in local newspapers that a cat was killed by four big rats each of them was no smaller than a rabbit. My friend, incidently, killed a rat under his foot when he worked in his office. When we take a walk in thoroughfares we often see several dead rats exposed on the streets which were dropped out by the killers. A cloud of flies concentrates on and the blazing sun shines on them. The people out of the city cannot imagine how a chaotic condition is going on.

Needless to say, every person hates to be affected with any disease and every governor wants his people strong. Now spring is over summer is coming. Numerous diseases are springing up. To defeat our most unwelcome guest, emergency and effective measures must be taken by both officialdom and populace together.

JAMES M. S. LOH.

Kweiyang, Kweichow,
June 10, 1946.

Russian Stupidity

To The Editor:

The stupidity of the obviously "Soviet"

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local Russian who signed himself S.A.A. underneath his letter "Volte Face?" in today's issue of the Review merely serves to give weight to the truths in your editorial entitled: "Russian Stupidity." While USSR thinking is generally stupid, the thinking of local exponents, who have never been in Russia, since they or their parents were kicked out by these same Soviets, is more obviously stupid.

S.A.A. follows the Russian line as handed down from Moscow and fails to perceive that a lot has happened is the interval between your editorial "Saber Rattling" and "Russian Stupidity." At the time of the first, the Russian Bear was relatively quiet and, according to your first editorial (with which I could not wholly agree) most of the war-mongering and saber—rattling was being done by the Western Powers. However, one month later the shoe was on the other foot, with virtually all "saber-rattling" being conducted by the Soviet Union.

Finally, his conclusion, "in case of war, should lead the writer right to the benches of the next war-crimes trial," shows plainly the narrow, nationalistic, totalitarian type of thinking he employs. You allowed him to abuse the freedom of expression allowed in your magazine. Obviously, from such a tone, he would be the last to allow you space to express your thoughts in his magazine. It is no wonder that the Western World and China remain enigmas to the Russians, who are essentially totalitarian in their thinking and who would use fascist suppression methods in silencing those who disagree with them.

EDWARD E. WONG.

Shanghai,
June 18, 1946.

Rights Denied

To The Editor:

It seems that everything has its black days as well as its glorious days. St. John's University had its golden time some 20 or 30 years ago. Its sons then could go everywhere in the world, within the boundaries of China and far beyond the seas to, say, America.

Government institutions, such as the Customs, Posts, Telegraph Offices, Railway Companies and schools, preferred St. John's graduates to others. Banks and business houses offered positions of higher rank to S. J. U. men. Even some colleges and universities in America gave preference to St. John's students, admitting them to their post-graduate schools.

But where are some of these advantages now? Since the establishment of the national government at Nanking, a new law requiring every new candidate to present his certificate officially chopped by some government institution has been enforced. Then all missionary schools are required to have their names with their board of directors, all Chinese, registered with the Government Educational Board. The authorities of St. John's University are too conservative to do anything meeting the requirements of the Government.

This obstinate policy of the university has caused many inconveniences to its graduates, especially those eager to teach in middle schools. These graduates did have their brilliant days, but they are now encountering repulsion and insult. The writer himself graduated from the above school over 30 years ago and has been teaching English all these 30 years in various middle schools at Ningpo.

A short time before the Sino-Japanese War, he applied to the Government to be admitted as a middle school teacher, but, for the reason that his Alma Mater had not been formally registered, he was deprived of all the privileges he was entitled to as a graduate. Despite his many

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years' experience in educational circles, his reputation among his colleagues in all schools and his being acknowledged and respected as their teacher by thousands of students, he has been and perhaps will continue to be denied by the Provincial Educational Bureau all the rights and privileges enjoyed by a middle school teacher.

For centuries China has looked upon things "Official" as something of high importance. The registering and the chopping are matters of red tape. Foreigners are not accustomed to such things and for this reason St. John's fails to observe the rules of the Government. Well, both may be in the right, but unluckily graduates of the college who have taken up teaching as their life work now are confronted by a dilemma.

Y. H. C.

Ningpo,
June 13, 1946.

"Peasant?"

To The Editor:

I am a Chinese peasant, and only educated at junior middle school. I take no interest in political contention and only intended to live humbly in my dirty country. Due to my bad circumstance in a Chinese desert village, where one can hardly get a newspaper and my scanty knowledge, I comprehend the American diplomatic policy only by hearsay. However, the fact is evident that the libertine and luxurious American soldiers and marines take residence in China had made a great turmoil and disturbance at Chinese political contention, and implicated it only in worse. It perturbed our demobilization. It agitated economic depravity. You perceive! American policy has promoted so many bad things, that makes our state and our people in disastrous exigency.

I wonder why the American government doesn't retreat their troops from Chinese dominion, when Japanese soldiers had laid down their weapons and returned to their own country. I am bewildered whether the American government was any intention to help our government to resolve our political contradiction, or only regard us as "His Majesty's Colony."

China is an independent nation and is one of the Big Five, but still has foreign troops dwelt on her territory. It is an unbearable indignity to our national solemnity. We must protest.

JOFFE POE.

Changshu, Kiangsu,
June 10, 1946.

Postal Rates

To the Editor:

With reference to Mr. Wordsworth Wong's letter "Postal Rates," which appeared in the "Letters From The People" column of your esteemed journal of June 15, 1946, I have to inform you that the recent increase of the domestic airmail fee from $3 to $30 per 10 grams was necessitated by the increase of remuneration charged by the Aviation Corporations for conveyance of mails, from $300 to $3000 per kilogram (1000 grams).

What the Post Office collects is, in turn, paid to the Aviation Corporations.

There is absolutely no intention whatsoever of "indirect censorship" on the part of the Postal Administration. It is requested that my letter be published in your esteemed journal to dispel any possible misunderstanding on the part of the public concerning the recent increase of the domestic airmail fee.

LI CHIN-LU,
Director of Posts.

Shanghai,
June 18, 1946.

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密勒氏評論報
A Weekly Newspaper Established in 1917

The editorial pages present each week the opinions of the editor. The other pages of The China Weekly Review are written by the other members of the staff and the contributing editors who report and interpret the news irrespective of the views expressed in the editorials.

Vol. 102 Shanghai, Saturday, June 22, 1946 No. 4

Neutrality or $ Diplomacy?

THE past week has been characterized by an outburst of the type of Presidential frankness and candor such as has not been seen in the U.S. for a goodly length of time. In what appeared an all out effort to pile upon the National Government every conceivable advantage President Truman announced:—

a) The continuation of Lend-Lease to China "until the last Japanese has been repatriated."

b) The training and supplying of munitions to a Chinese army of 1,000,000 men, with a tone to suggest that if the Communists didn't like it, the U.S. would go right ahead and help the Nationalists alone.

Thus was torn off the American mask of neutrality in China's civil war. From the position taken at first as a third party using its "good offices" in attempting to help settle the civil war, America then veered around to mediating, and finally, according to the latest Truman statement, to taking sides. Thus American policy in China, formerly altruistic in its outer show, has now taken on the aspect of direct participation in the quarrel.

The Truman proposals made to Congress last week smack of the type of dollar diplomacy which supposedly died with Theodore Roosevelt and his immediate successors. Yet here it reappears in the familiar shape of a US$500,000,000 loan with a very conspicuous IF, a continuation of Lend-Lease long after the raison d'etre for such aid had vanished, and a rearmament program for China. Nor should mention of the departure of the U.S. Seventh Fleet for Tsingtao, at a time when the Communists are closing in on the last Nationalist foothold in Shantung, be overlooked. Add up all these facts and the only answer possible is: The U.S. is no longer interested in being neutral, even in outer appearances.

It might be pointed out that in almost every respect the Truman proposals might at any other time have appeared as another manifestation of American aid to China in the latter's reconstruction effort. But at the present time, announcement of the President's policy invites several pertinent queries, namely:

a) If Lend-Lease has continued to China since V-J Day, and it was proposed to further continue such supplies, why was announcement of this policy not made earlier?

b) The obvious time to have made known America's determination to help create a million-man Chinese army would have been after the signing of a permanent peace agreeing to the establishment of a truly national army. Why then was announcement made prior to this?

The only answer compatible with the facts is that President Truman deliberately, and with intention aforethought, took advantage of the present lull in the hostilities, and the crucial state of the negotiations in Nanking to unload his applecart into the lap of the National Government. In a sense then, the President has utilized these grants to the National Government as a "war of nerves" on the Yenan regime. He has thereby shown his hand, by casting all neutrality to the four winds.

If the war should become a long drawn out affair, thanks to an intransigent attitude adopted by the National Government following the promise of what amounts to unlimited U.S. aid, the fault will not only lie in Nanking, but to a perhaps greater degree in Washington.

Should Moscow suddenly announce a half billion dollar loan to Yenan and the dispatch of large supplies to the Chinese Reds, no doubt Washington would interpret this as another example of the Kremlin meddling in non-Russian affairs. How then must the Truman statements appear to third parties? Or doesn't Washington care any longer?

Perhaps the most surprising thing of all is the passive attitude adopted by the U.S. press in a question which affects America's future in the Far East. Whether one desires to admit it or not, the U.S. is becoming embroiled in a struggle to which it was not, and should not be, a party. Further aid of the kind promised by Mr. Truman to the National government of China may well make China a second Spain.

The time has come for a clear-cut statement by the President on whether he considers America neutral in China's domestic affairs, or whether he is taking a direct hand. Perhaps, for the enlightenment of simple souls like ourselves, the President would be kind enough to put things straight. For our part we are still attempting to figure out whether General Marshall has come here as an American mediator or as the commander of the combined U.S.-Nationalist forces in the crusade against Yenan.

The Paris Conference

MOST of the world tensely waited this week while the Foreign Ministers assembled in Paris and began peace talks. Presumably all mankind hoped for more agreement this time than the last few times, when little other than vitriolic name calling took place.

There undoubtedly have been and are grounds

AN OLD GAME

Fitzpatrick in St. Louis Post-Dispatch

for mutual suspicion. Russia is striving for what she considers secure frontiers, while Britain and America are, in a measure, doing likewise, although their idea of secure frontiers is to keep Russia within hers.

Except for the political offensive which Russia has been waging abroad, even inside the United States and Britain, the Kremlin's whole approach to the problem of security is strangely reminiscent of America's similar drive in the 19th century. That the United States was able to accomplish this objective 100 years ago when the world's thinking and technology were far from what they are today, is no reason for Russia to assume that the same methods can be used with equal success today.

Following the settlement of differences with Britain after the disastrous war of 1812 when the Canadian frontier was demilitarized, the United States turned to her other frontiers and solved her security problems, one by one. The French were bought out of Lousiana, Florida was acquired from Spain, Texas and the rest of the Southwest were forcibly taken from Mexico, the Oregon controversy was settled and Russian infiltration down the West Coast was stopped by the purchase of Alaska.

If the airplanes and panzer divisions of World War II did not demonstrate to Russia the uselessness of "secure" frontiers in the 19th Century sense, certainly the planes, rockets and atom bombs of today should. America's frontiers, for a century the safest in the world, are today no guarantee against disastrous attack, if not actual invasion.

On the one hand, Russia should see clearly that the methods America used during the previous century will not work today, while, on the other hand, Mr. Byrnes, recalling our own period of expansion, might do well to approach the conference table with a little less of the "holier than thou" attitude.

Britain's Trade Position

ALTHOUGH the United Kingdom continues to run an adverse trade balance, she is fast catching up on exports, recovering old fields and entering new ones. From a glance at Britain's financial position today as compared to the days immediately following the end of the war, or even back in 1941-2, it is evident that those who counted the United Kingdom out in the post-war international trade field were caught way off base.

While the financial position of England is not "good," it apparently is coming out of the red at a rapid rate and more than likely will in the future offer the same kind of competition to American industry as in pre-war days. England during the past 10 months has gotten down to serious business and today is exporting an ever-growing list of commodities to the far corners of the world, while America, her industrial machine hamstrung by reconversion troubles, strikes and various other difficulties, has yet to make a dent in the home market.

Of course England, faced with small dollar balances abroad and occupying a debtor position, must export unless she is to go farther into the red. Therefore, she has been denying consumer goods to her own people in order to build up foreign balances. The United States, meanwhile, is devoting the major portion of its still small production to satisfying home consumer demand and will not seriously look for foreign markets until the home market shows signs of being satiated.

As a result of rigid control of her economy, plus a surprising productivity, the United Kingdom last April exported goods valued at 16 shillings for every £ worth of goods imported. Exports, which are increasing at the rate of seven percent monthly reached £277,453,000 in April as compared with £120,534,000 for the same month in 1938, the last pre-war year.

Automobiles were one of the products showing the greatest expansion, with April production at 4343, nearly four times the monthly average for 1938. Needless to say, the vast majority of this production is going overseas, with some even being sold in America, the home of the automobile industry, where today it is still extremely difficult to obtain a new American automobile.

Another example of how the British have built up their financial position is the story of how a U.S. dollar balance of only $14,000,000 in April, 1941, was increased to $1,800,000,000 by the war's end, mostly as a result of spending by American troops stationed in England.

It would seem that the prophets of an economic doom for the United Kingdom may have been a bit premature in their forecasting, for while the British undoubtedly will be debtors for a long time to come, they have surpassed even their own expectations in taking advantage of the world wide post-war boom caused by nations desiring to stock up on consumer goods after the long drought from 1938 to 1945.

Editorial Policy

THIS week Shanghailanders were favored with a rare treat. The June 10 issue of Time Magazine—the most recent issue to arrive—carried a featured story by William Gray which was quite critical of China's Central Government.

This article was important not because it dealt with many of the actual problems facing China today, but because it is a change from the policy of dishonest reporting from China which Henry Luce has been foisting on the American public for the past several years.

Written in the typical vivid, sarcastic style that is Time's own, Bill Gray's article undoubtedly will convey a realistic picture of China conditions which thousands of American readers otherwise might not get.

While few aside from Henry Luce, China-born of American missionary parents, know the reason for this sudden variation in Time's news policy for China, many readers, especially those in China, will be waiting for future issues to see whether or not this is a real conversion or merely a single jab at Chinese officialdom.

Remembering the heart-breaking labors of Time's Teddy White, who week after week saw his copy assigned to the waste basket because it didn't agree with the Boss' ideas and also remembering one or two previous "critical" articles sandwiched between dozens of Kuomintang-praising, Communist-damning ones, we will reserve judgment until we've read a few more issues.

This incident has served to bring up the whole subject of editorial "policy" and personal "views." From the way individuals, as well as the local press, took note of Time's change of "policy," it is evident that people here, as well as their cousins abroad, expect all publications and individuals to have a policy. In short, they are expected to be violently pro or anti, regardless of the subject.

In today's bright new post-war world there apparently is no place for the man with his own views, especially if they happen to be somewhat down the middle of the road. According to popular opinion he must embrace completely the views of the right or left. A rare exception to this rule can be found in Evening Post Editor Randall Gould's new book, China In The Sun. In this respect Editor Gould's book stands out from the welter of war-time books on China, virtually all the rest of which hew sharply and violently to the right or left.

The same goes for most foreign correspondents at present writing about China. A few—and only a few—sidestep the issue by burying themselves in the economic aspects of the situation and ignoring the political implications. This, of course, with the Government busily plunging into private enterprise, becomes increasingly hard to do.

We frequently have been accused of being in the pay of both the Kuomintang and the Communists (by different people, of course) and sometimes have been charged with attempting to "run with the hare and hunt with the hounds." The latter charge we naturally lay ourselves open to by our indiscriminate choice of editorial targets from all sides of the political and economic pattern. In one recent issue we criticized America's foreign policy and were heralded as astute thinkers and the champion of the common man of the world by our local Russian contemporaries. A few weeks later we felt the time had come to take a swing at the rapacious Russian Bear. Our Soviet-minded, little capitalist friends in the Russian community immediately leaped down our editor's throat with the suggestion that he should be tried as a war criminal.

Our position we consider to be essentially conservative. We believe in the kind of a political and economic system from which we sprang: one in which every man has a vote that counts as much as his neighbor's; one in which every man may speak and worship as he pleases; one in which every man has an opportunity for employment at a reasonable wage in the trade of his choice; one in which every man can live without fear of the concentration camp.

Our only other policy is simple. It dates back more than a quarter of a century to a moment when Thomas Millard and J. B. Powell were discussing the founding of the Review and Powell happened to ask Millard: "What shall we print in this new magazine?" Millard immediately replied: "Whatever we damn well please!"

25 Years Ago in Millard's Review Of The Far East

June 25, 1921.

Chamber

V. G. Lyman of the Standard Oil was elected president of the American Chamber of Commerce of China at the annual meeting held at the American Club June 22. Other officers elected were J. Harold Dollar, vice president; J. B. Powell, hon. secretary; James S. Dolan, hon. treasurer. Other members of the executive committee for 1921-22 are H. H. Arnold, T. E. Doremus, J. Eichwald, W. I. Eisler, B. C. Haile, C. L. Seitz, F. R. Sites, R. Weusthoff and Paul Page Whitham.

* * *

Mei Lan-Fang

Mei Lan-fang, the most famous of Chinese actors, is planning a visit to America. Mei is a man who plays only women's roles. Except in a few seaport towns, men and women do not play in the same companies and there are very few Chinese women actresses in China. Some companies are all men and some all women, but Mei Lan-fang plays women's parts just as boys in Shakespeare's time played Portia and Lady Macbeth.

10 Years Ago in The China Weekly Review

June 20, 1936.

Retrocession

Hope that he will initiate negotiations for a revision of the "unequal" Sino-Italian treaties and the rendition of the Italian Concession in Tientsin was expressed by the independent Hsin Chin Jih Pao of Nanking in an editorial on the appointment of Count Galeazzo Ciano as Italian Foreign Minister. In view of Count Ciano's thorough understanding of the Chinese Government's policy and conditions in the Far East, the Chinese people are confident that he will have sympathy with China's aspirations.

* * *

Civil War

An urgent appeal has been sent by Gen. Lung Yun, Governor of Yunnan, to Gens. Chen Chi-tang, Li Tsung-jen and Pai Chung-hsi of the Southwestern Armies, urging them to avoid taking independent action in any issues that should be decided by the whole nation.

Federation Of German States Held Solution Of Long-Unsolved European Peace Problem

By LEO RISSIN

IT is now more than a year since Germany capitulated. Italy, Hungary, Finland, Austria, Bulgaria, Rumania, in fact every one of the defeated Axis states, even Japan, has a government of its own, has a future to look forward to,—every one, that is, save Germany. Yet it must be evident to all students of political affairs in Europe that the decision on Germany is the basic one. It was the series of errors of the Versailles treaty regarding Germany that doomed the peace of 1919 to failure. And the errors of the Paris peace today may doom the peace of the next decades. So long as the future of Germany hangs in the balance, there cannot, and there will not, be permanent peace. That is why the German issue remains basic.

Today, Germany is divided into four occupation zones. The country is cut up politically, economically and socially. So far little of value has been produced by Germany, once the continent's leading industrial state, while tens of millions of human beings must be fed. Yet all the while, the Big Four talk of European rehabilitation and reconstruction.

It was imagined during the war, that with the return of peace the damages incurred would be erased, and new roads, bridges, public buildings, factories and the like, would be raised in place of the old through the use of Germany's vast industrial and manpower resources. Today, that stands out as another wartime fantasy. Not only will Germany be unable to rebuild the shattered economies of others, but she will not even be able to rebuild herself.

Three-Way Choice

Today, there are but three courses open. The world must face realities. It is time for action. For the future of Germany is also the future of Europe. Everywhere new boundary lines, new economic systems are coming into being. But in Germany —that is a greater no-man's-land than any military made line of division. That is why no further time must, or can, be lost. The blueprint of the new German political and economic structure must be drafted, and drafted now.

Here are the three alternatives, which must be considered while the choice is still open. Tomorrow—it may be too late. The present "temporary frontiers" may have taken on the form and outline of an immovable iron curtain that no amount of diplomacy will lift.

Alternative 1:—A strong centralized Germany, both politically and economically.

Alternative 2:—The present "Four-Zones-In-One" with Germany divided against the world and against itself.

Alternative 3:—A federation, midway between a confederation and a strong unitary state.

What of a strong centralized Germany? It required decades of foreign wars and merciless persecution of dissenters, before Bismarck brought into being a unified German Reich. Bismarck believed in peace—at his price. And he maintained it. Old style diplomats believed that German unity would give Central Europe "a level keel," would make Germany a bloc weighing down the warlike spirits of her neighbors. Then came Wilhelm II. German centralization was to be diverted to the new road to world conquest. Came 1914.

Centralization Means War

Again in 1933, Hitler clamored for "Ein Reich, Ein Volk, Ein Fuehrer." He got it, and Europe got the Rhineland, Spain, Munich and finally Danzig. That is what a centralized Germany means. A centralized Germany means the concentration of 60,000,000 souls on one objective—conquest, lebensraum, the "Drang Nach Dem Osten." Twice within living memory we have seen the result of German centralization, have seen what the mighty regimented German nation can, and of necessity must, do when all power can be concentrated for a single "blitzkreig" stroke against neighboring states. That is why, come what may, a highly centralized German state can only lead to one thing—war.

But does Alternative 2—the "Four-Zones-In-One"—offer any hope? Can a nation divided against itself remain for long a factor for stability in Europe. One must remember that Germany is the core of Europe, and as such, a division of Germany creates a "no-man's-land" running practically right across Europe. The two blocs today, Russia in the East and Britain, the U.S. and France in the west, will find that an artificial "zonification" of Germany will only accentuate their differences, rather than bridge the ever-widening gap in their policies. Germany as a neutralized buffer state can serve the interests of European peace and stability. Germany as a nation divided into two hostile camps can only divide the continent into two hostile camps.

You cannot take a body and saw it into four dismembered parts. Neither can one take a nation and carry out an amputation of such magnitude as suggested by the "Four Zones-In-One" scheme. In politics, as in physical chemistry, nothing is so highly explosive as volatile masses. That is what Germany will become if she is permanently divided —four volatile masses.

The war was not fought to enslave any peoples, not even the German. What good, then, can come of forcing serfdom and disunity on a nation which can yet make contributions to the advancement of mankind. Certainly, there is no need of pampering German dreams of greatness. But we must at least meet the wishes of the German people half way. One Alsace-Lorraine has caused enough bloodshed in Europe: four such tinder boxes, each next to the other, could never be a blessing to mankind, only a breeding ground for future conflicts.

German Federation

We are left then with the German federation. This no doubt is a dangerous experiment. Yet history has proved that the first two alternatives cannot, and will not, work. The least that can be done is to try out "Hobson's choice," for such in fact this plan is.

The idea of a German federation is of course nothing new. For almost a thousand years in fact Germany was under the Holy Roman Empire. Despite criticism levelled against the H.R.E., one thing must be borne in mind: it was a success in the economic and political sense. There was just enough unity to keep the loose federation going, not enough centralization to make wars of conquest possible. The medieval period of German history, when a unified Reich was a mere dream, was the age of Germany's greatest prosperity and cultural development. Wars might eddy close to the German borders, even mount over them on occasions, but for the most part the majority of the people remained clear of them.

The medieval federation of Germany was to the benefit of the German people so long as there was no strong monarch to prod the people into war. Only when a strong emperor came to the fore was there German participation in the dynastic quarrels and bickerings of Europe. Left to their own devices, the Germans managed to remain at peace.

Napoleon's Experiment

Here is a system that could work, and did. When Napoleon took over control of the political entity known as Germany, he decided that some centralization was necessary. He therefore reduced the more than 300 states and principalities to approximately 38. His purpose should be our guide. He reduced the number of states because too many states made management difficult. He opposed out-and-out unification as this would encourage German expansion. His solution requires only slight modification. For half a century after this system was brought into being Germany was at peace, and Europe was at peace.

That is the solution today. We must not divide Germany permanently, completely. Yet we must not allow centralization to go too far. The problem can only be solved by creating a German federation of 10 to 15 states, each with its own characteristics and community of interests, yet each autonomous enough to protect its regionalism. The states should be so formed

that they would constitute definite semi-autonomous economic units, each with its own interests. Internal order could be maintained by a common police force, while external affairs could be handled in common. The same would apply to currency. But there the unitary forces should stop.

In the projected German federation no treaty would be valid unless approved of unanimously by the parliaments or diets of all the member states. No law would be binding on all unless ratified by all. No national armed forces would exist. There should be enough leeway given to each state to conclude economic agreements with foreign powers. Thus the Ruhr and the Rhineland, closely linked with France's economy, could well constitute two states which for their prosperity would depend on good relations with France. The differences between the southern and northern states would prevent exploitation of the former by the latter.

German federation is the only way out today. Federation might have worked under the ill-fated Weimar Republic if the common chains of Versailles had not weighed down upon the German people and foreign economic strangulation had not invited aggression.

We have tried every means in the past to keep Germany down. And we have failed. Perhaps federation too will not be a success for long. But we cannot dismiss the German people as a nation of "warmongers" without giving them another chance. For in giving them another chance we shall be giving the world another chance. The sooner we can put the pieces together in Germany the sooner will we have solved the jigsaw puzzle that is Europe today.

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American Business Men Counting Heavily On Expansion Through Foreign Trade

By JAMES L. STEWART

LOS Angeles, Cal., June 10.—This year's observance of "National Foreign Trade Week," which took place from May 19 to 25, illustrated the paradox that is America today.

The fact that one week in the year is set apart for stimulation of foreign trade is a clear enough indication that American business interests are counting heavily on cultivating commercial relations with other countries.

The coincidence of this national foreign trade week with the national railroad strike brings home the sobering truth that until the United States gets its houses of labor and management back under one roof, so to speak, there won't be any trade with anybody, foreign or domestic.

Coast Eager For Trade

The West Coast, Los Angeles in particular, is pretty excited over anticipated expansion in foreign trade. During the week I talked with officials of the local Chamber of Commerce, representatives of shipping companies and businessmen in order to get their views on trade with China. The situation is something like this:

Los Angeles, already the fourth city in the United States (estimated pop. 1,800,000), is devoting considerable effort to get more industries moved from eastern states to Southern California. The appeal being made to eastern industry is the standard one: availability of raw materials, adequacy of labor and an immediate market for every type of consumer goods. Additionally, to those manufacturers known to be eager for a world market, Los Angeles is stressing its harbor facilities, oceanic shipping services and proximity to Far Eastern and South American ports.

Europe Biggest Buyer

Although spokesmen here for foreign trade generally do think in terms of Oriental markets, actually the bulk of West Coast exports still goes to Europe. (Foodstuffs to Scandinavian countries, etc.) Pre-war Japan has been the only country in the Orient to equal the value and volume of European trade. Whether or not China can take over Japan's former commercial interests is, therefore, a much argued point here.

Inasmuch as traders are notorious optimists, most sentiment here believes that China "will make the grade:" and long-range plans of manufacturers, exporters and shippers definitely include a much expanded trade relationship with China.

400,000,000 CUSTOMERS?

On the whole I feel the attitude of businses groups concerning China's present difficulties is both sound and tolerant. For example, I have heard few bitter complaints against the Central Government or bitter denunciations of the Chinese Communists. The prevailing view was well expressed by an official of the Chamber of Commerce who declared: "If only China can get a single federal unit, then our chances for trade will be good and the volume will be tremendous."

In the total picture we can thus assume that here exists in the United States a heavy backing by business groups of General Marshall's attempts to assist in forming a coalition government in China.

Of course, as Shanghai residents must have observed, there is a certain amount of trade already between West Coast ports and Shanghai, Hongkong and Taku Bar. A casual glance at ship sailings shows that about three ships a week are leaving for China ports. There are more than 400 importers and exporters in Los Angeles alone.

APL Still In Court

The West Coast shipping situation is interesting if muddled. Mr. Stanley Dollar is still engaged in the pastime of hauling the American President Lines into one court of law or other. Very definitely, there are new shipping firms in process of organization; however, their executives are doing no talking to prevent rival groups from getting similar ideas. A case in point was said to have been the address delivered here on May 22 by John Cushing, deputy administrator of the War Shipping Administration. His subject was "Pacific Shipping—What Next?" and he had an extremely interested audience of prominent business men at least one of these complained to me, however, that Mr. Cushing didn't answer his question because he didn't intend to tip his mitt on his own private plans, which are said to be considerable.

WSA Allocations Awaited

The WSA is still handling most sailings, although its officials say (probably rightly) that they are willing to turn back ships to private industry as quickly as possible. The fact is that such pre-war freighters as are still afloat are considerably surpassed in performance even by the average wartime Liberty ships. Former owners prefer to get allocations from the WSA rather than limit themselves to their own old vessels. I have checked on the actual process an individual shipper must go through to get goods to China. I find that it is not too complicated and governmental red tape does not prevent a shipper from getting the shipping space he may want.

The Matson Line (Hawaii-Australia) has got back most of its ships used as troop transports and a couple of the largest, the Matsonia and Mariposa, have been pressed into passenger and freight service with-

out any reconversion back to pre-war elegance.

Manila Leads Orient

As regards volume of trade to Asiatic ports from West Coast harbors, Manila still leads. Shipping to Manila has been so heavy (comparatively), that port facilities there are jammed and sailings are being postponed or even canceled because there is danger that goods cannot be unloaded at all; and with good business in sight elsewhere, no one wants to take a chance on even one vessel becoming a floating warehouse.

Maritime officials here fear that similar conditions will quickly develop in Shanghai and Taku Bar and that transshipments from Hongkong will be delayed. Another widespread complaint recorded by Chamber of Commerce officials is the variety of taxes which exporters claim are being put on all cargo off-loaded in Chinese ports. I was told specifically of "Flood Relief" and "Revenue" taxes amounting to five percent now said to be applied at all Chinese ports in addition to regular customs charges. I was told also of river conservancy and wharfage taxes at Shanghai and Tientsin and of a dyke tax at Hankow and a bund tax at Amoy.

Businessmen here say this is not businesslike, and in their eyes not to be businesslike is a serious crime indeed.

Speakers at the various meetings featuring local observance of foreign trade week included Eric Johnson, former national Chamber of Commerce head, and Donald Nelson. The latter particularly cited trade possibilities with China while Johnson went on record to say: "An expanding foreign trade is vitally necessary for the future prosperity of the United States."

Movies May Raise Standards

Messrs. Johnson and Nelson are both employed by the motion picture industry, which is working like mad to rake in more money. It is even rumored that it is going to improve the quality of motion pictures but seasoned observers like myself will have to be shown.

A couple of briefs: A new Chinese consul arrived in Los Angeles this week. Half the local press called him Mr. Yi, the other half Mr. Kiang.

William L. Holland, former OWI head in China, now secretary-general of the Institute of Pacific Relations, arrived to set up a local IPR organization. Regular meetings are being planned, the first on the UCLA (University of California at Los Angeles) campus on June 14.

Workers at the Arctic weather stations on remote islands in the Barents, Kara, East Siberian and other seas, many of whom had served for as long as four or five years without respite, are being relieved and flown home in huge planes specially equipped for conditions in the extreme north, the Northern Sea Route Administration in Moscow announced last week. Numbers of the scientists have expressed desire to return to their stations after a rest.

Penhsihu Bears Marks Of Heavy Shelling, Bombing; Rehabilitation Under Way

By OBSERVER

AFTER a three-day drive marked by heavy shelling and bombing, Penhsihu fell to the Nationalist forces after what seems to have been very little actual fighting, official reports to the contrary notwithstanding. There are signs of heavy artillery and aerial bombardment and consequent destruction where the fighting actually took place on the road from Mukden to Penhsihu, from which the Communists already had withdrawn when the Nationalists poured their way into the once-thriving city on May 3.

Local inhabitants report that not a single bullet fell in Penhsihu, which also escaped bombing attacks, for the Communists, who had been moving away men, machinery and material for more than two months, withdrew well in advance of the approaching Nationalist armies. They systematically destroyed all the bridges between Mukden and Penhsihu, not a single such structure, big or small, escaping. The railway tunnel at Huolienchai was blown up by a locomotive laden with explosives, as was the tunnel at Fuchinkou, 10 kilometers east of Penhsihu.

At Foot Of Mountains

It is obvious that the Communists had not intended to make a stand at Penhsihu, which is situated at the foot of the big mountain range in the eastern section of Manchuria. Penhsihu's capture removed the menace of an attack on Mukden and the Nationalists made no attempt to continue their penetration as to push any further would have been costly. With Penhsihu's capture, the troops which fought for Penhsihu were diverted.

The party of correspondents which visited Penhsihu three days after the capture of the city by the Nationalists, made their tour of inspection at the invitation of General Tu Yu-ming, commander-in-chief of the Northeast Command. As the Antung-Mukden railway bridge over the Hun river, four kilometers from Mukden, was under repair, the party went by train to Liaoyang and thence by truck, the route following that of the troops which had carried out the frontal assault which had netted them Penhsihu. The observations recorded here were made by members of the party of 10 correspondents who spent four days on the journey.

One tragic aspect of the correspondents' findings is that in a number of cases, villages were wiped out by intensive shelling and bombardment after the Communists had pulled out ahead of the advancing Nationalist armies. One such sufferer was the village of Kwei Chia Pu Tze, which was razed. The 400 inhabitants survived, but neither the military nor hsien authorities have made effort at emergency relief. Many parallel cases were reported in which the army was too preoccupied to do anything for the victims of the fighting, while the local government officials lacked supplies, etc. for relief work.

City Of Coal, Iron

Penhsihu is a city of coal and iron. With coal and iron deposits in the immediate neighborhood it is ideal for heavy industry, particularly because its coke is of the best quality for making steel.

The development of Penhsihu dates back to the Russo-Japanese War in 1905. It was not long after that war that the Japanese began to build the Mukden-Antung Railway and Okura started the coal enterprise in Penhsihu which was later reorganized into the Penhsihu Coal and Iron Company when Chang Tso-lin was in supreme command in Manchuria. It was then nominally a Sino-Japanese concern. After 1931 the Japs took full control of the enterprise. Eventually it became incorporated into the steel trust, the Manchurian Iron Manufacturing Co.

Penhsihu Municipality includes Penhsihu proper and two new industrial districts, Kungyuan and Nanfeng, developed after 1931, equipped with German machinery and supervised by German engineers. The latter is still under Communist control. Before August 1945, it had a population of 150,278—120,275 Chinese, 26,864 Japanese, and 3139 Koreans.

Now A Dead City

It is a town of mines and plants. It has three power plants with a total capacity of 77,000 kw. and a variety of plants including iron, alloy steel, coke, coal tar, benzine, ammonium sulphate, sulphuric acid, cement, limestone, automobile and machine shops. It formerly employed 37,000 workers, not including casual labor. It is said that it had an industrial population of 70,000.

But now Penhsihu has become a dead city: no power, no light, no water supply. Everything is standing still, and there is little prospect of a quick recovery, unless the Northeastern issue be settled on a sound, business-like basis.

The Russians have taken away all the essential machinery, most of which was German (AEG) made, from the plants in Kungyuan district, because they were all installed in the years after 1931. However, they left all the plants, including two power plants, the coal and iron mines, washing, coke, coal tar, iron, alloy steel, machine shops and a number of other factories in Penhsihu proper, also the sulphuric acid plant in Kungyuan, which is practically intact.

Essential Equipment Gone

When the Communists came they managed to run the mines and plants on a partial capacity basis. But they have moved away a lot of the essential equipment of the ma-

chine shops and whole stocks of raw materials, spare parts and half-finished products, some say, including 200,000 tons of iron and steel. The finishing touch to this industrial center was made at 3 a.m. on May 3, when they blew up the Second Power Plant just before their withdrawal from Penhsihu. It is significant to note that the Communists did not destroy any other plant in Penhsihu except the sulphuric acid plant, which is located in Kungyuan. One of the interpretations may be that while the Russians put all plants in Kungyuan District out of operation they left the sulphuric acid plant to the Communists with the understanding that it would be destroyed should the Communists be forced to withdraw from Penhsihu.

It is a fact that all the plant and mine installations in Penhsihu still are in good condition. The Communists have taken away one generator of 6000 kva from the First Power Plant, but there are still three generators, of 1500, 2500 and 3000 kva., respectively. The Communists have destroyed the Second Power Plant, but one generator of 14,000 kva, one of the three boilers and the switchboard room still are in good condition. There are still about 7000 workers in Penhsihu, though there were formerly 37,000. In addition a number of Japanese technicians and engineers were not taken by the Communists.

Outlook Depressing

It seems, however, that even under such conditions the prospect of putting Penhsihu on a working basis in the near future is very dim, unless the larger issues involved could be brought to some kind of agreement. The question of coal mining may, in this connection, serve as an illustration. For each ton of coal mined the consumption of mine timber amounts to 1" x 1" x 6'. The timber on hand will be just enough to mine 2000 tons of coal. Besides, all the explosives have also been taken away by the Communists. For each ton of coal taken from the mine it required 72 kva. in February and 52 kva. in March, and it was estimated that the power plant itself will require 300 tons per day. As the coal in stock at present in Penhsihu amounts to a total of only 1000 tons, it is obvious that the question of coal supply in this coal-producing center is very serious. Even mustering all the resources available it will not last for more than a couple of weeks.

No less serious is the question of water in the mines. It is said if there were power beginning from May 8 and they could start draining without interruption for 10 days, they could thereafter produce 30,000 tons of coal per month, and after six months 90,000 tons per month. If power does not become available until one month later, it will require 20 days of drainage to produce 30,000 tons per month.

It is evident that without coal there will be no power and it will be impossible to put Penhsihu into activity again. The most pertinent question at present is not equipment, but timber and explosives. Explosives seem to be a more complicated problem, but neither is timber very simple. When it was under Japanese control, Penhsihu depended mainly on North Manchuria for its timber supply. Now with both North and East Manchuria under the Communists it seems unlikely that Penhsihu could stand on its own, independent of the other major military and political issues.

Food Shortage Feared

Kwan Ta-cheng, Mayor of Penhsihu, and Liu Yi-fu, Magistrate of Penhsi Hsien, assumed office on May 3 immediately after their arrival with the 52nd Army. Working in close collaboration with the Political Department of the Army, peace and order were quickly restored and all the stores were ordered to open. The stores do not have much stock on hand and will have to depend on Mukden for their future supply, in which case it will be reasonable to expect that prices will go up in the immediate future, though they are at present a little lower than those in Mukden.

There is a real shortage of food at present, as Penhsihu is substantially an industrial city, has never been self-sufficient and is now entirely cut off from the rest of Manchuria by rail. The Municipal Government, Chamber of Commerce and the Mining Administration are trying their best to set up a purchasing agency to buy grain and flour from the neighboring hsiens and at the same time an appeal is being submitted to UNRRA and CNRRA for emergency relief.

The municipal and hsien Governments are taking a census of the local population, and have started to set up the "pao-chia" system. Sixty Manchukuo hsien government employees and 30 policemen have been registered.

Currency In Muddle

The monetary situation is serious. The Northeast Bank of the Communists issued notes of six denominations, namely, $0.50, 1.00, 5.00, 10.00, 50.00 and 100.00. Manchukuo 100-dollar notes were prohibited in circulation, while the 10-dollar notes were used at a rate of 2 to 1 as compared with Northeast notes. After the arrival of the Nationalist troops the Northeast notes were forbidden and the people were at a loss as how to dispose of them.

There used to be two middle schools and seven primary schools in Penhsihu Municipality. Mayor Kwan is making a great effort to get the schools going again, but there is an extreme shortage of teachers. Some of the schools have only one teacher left. The Mayor said that most of the teachers fled to Mukden when the Communists were here. It is significant to note, however, that at a party the pupils giving the program could all sing very well the war songs which we are so familiar with in Free China.

Collaborators Executed

According to the local people the Communists ruthlessly executed a number of notorious Japanese and many Chinese collaborationists, including some Manchukuo police and gendarmes. There are still 11,000 Japanese in Penhsihu, but they are very much worse off than those in Mukden. They don't have much, if any, personal property to sell to provide a living. When the Communists were in control most of the Japanese, irrespective of social position, were forced to do hard labor, particularly mining.

The group of correspondents was mistaken by Kuomintang Party HQ in Penhsihu as the Committee of Three. Upon arrival we saw slogans posted all over the streets saying: "Why doesn't the Committee of Three come by train?!" "We can only be thankful for, but honestly cannot accept the mediation of the Committee of Three;" "Don't just mediate, but find out if the 8th Route Bandits are actually a traitorous party."

People Urged To "Unite"

Kuomintang slogans and posters have taken the place of the Communist ones. The only Communist slogans that one can still barely see, though smeared, are those inscribed on the pailou in front of the railway station which read: "Army and people in the Northeast, unite!" "Fight for peace and democracy!" "Endeavor to carry out their resolutions of the PCC" and "Support the program for peaceful reconstruction."

Manchurian Iron Manufacturing Co. had four hospitals in Penhsihu, one of which is located in Nanfeng, 20 miles to the southeast of the city along the Mukden-Antung Railway. Besides the Nanfeng Hospital, which is still under Communist control, the Communists have taken away all the equipment and 400 to 500 beds from the Tsaikwang Hospital (formerly only for Chinese employees); while the Hushang Hospital, which had 110 beds, suffered heavily both in equipment and in medical supplies. What is left over is now under the care of a Dr. Hsu. The Communists also took the nurses.

The Executive Yuan this week passed a resolution concerning the reorganization of the Sinkiang Provincial Government. The reorganization, which is in keeping with an agreement signed with the Kazakh minority recently in Tihwa, provides for a vice-chairman and deputy secretary-general to be elected popularly.

TRADE MARK

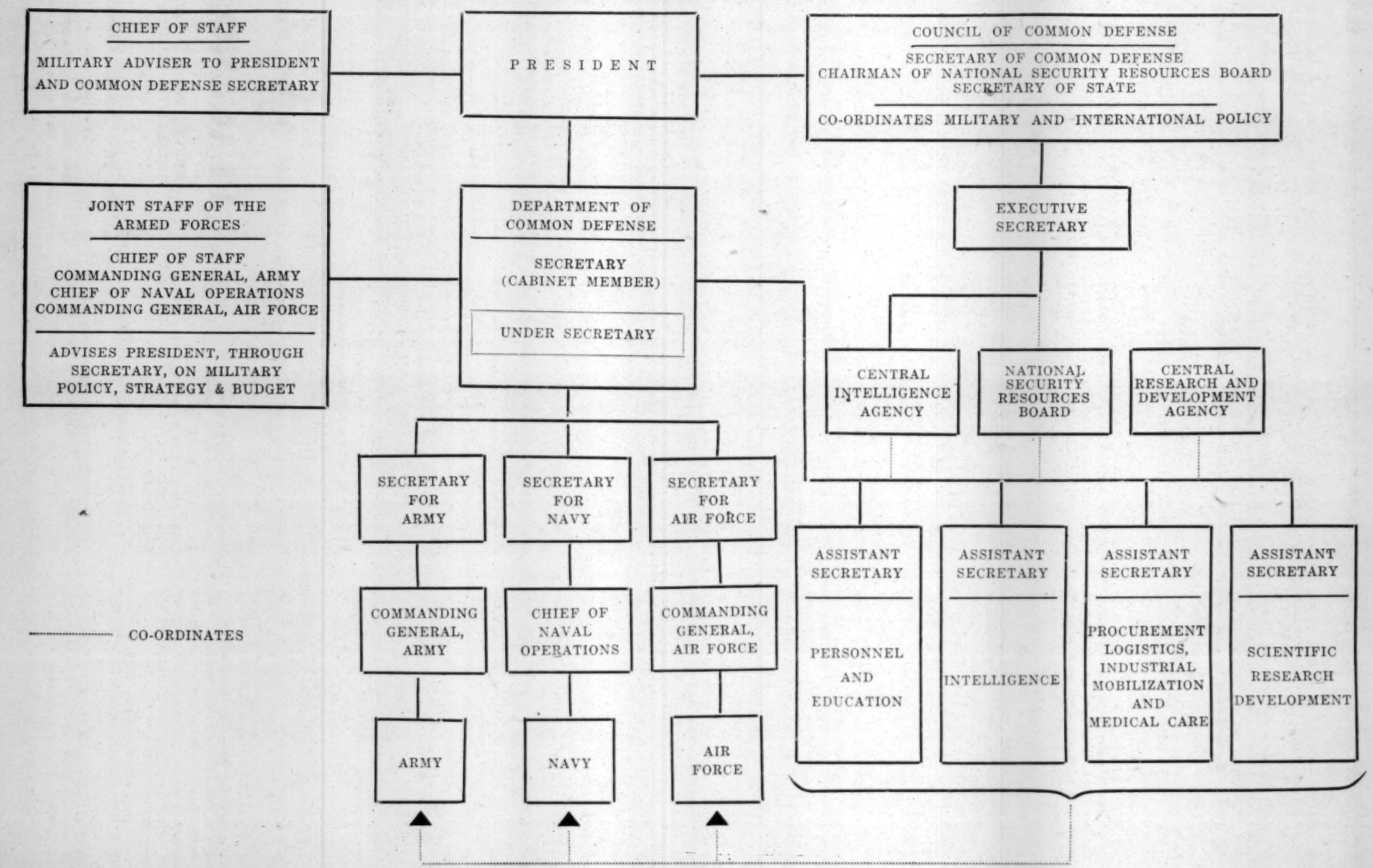
PLACEMON

A REMEDY FOR DEBILITY, GENERAL ILL HEALTH, Etc.

The New Asiatic Chemical Works, Ltd.

1044 Sinza Road, Shanghai.

Plan for Centralized Control of U.S. Armed Forces



Elevation Of Rural Standards Sought Through Industrialization By Co-ops.

By URII SDOBNIKOV

THE hope of the regenerated industrial co-operative movement, was greatly stirred by the arrival of four heavily loaded trucks bringing modern machinery for its Bailie school machine shop. Trucks traveling along the northwest motor road hardly ever enter the ancient walls of Shantan, which, as some say, was once the seat of the Alashan Mongols, and the capital of China.

Of the two surviving Bailie schools, at Lanchow and Shantan, the latter is the larger with 124 students and ample installations for extensive training in the various handicrafts and manufactures, practically extinct during the last hundred years. The revival of the rug and weaving industries, improvement of the local pastoral stock, improvement of transportation, are the goals set by the leaders of the Shantan Bailie school in training their young pupils. The eventual goal of the whole movement is to industrialize the backward Chinese village through co-operation, make it independent of the coastal industries and raise the living standard of the rural population.

Removed Late In 1944

One of the reasons for the removal of the Bailie school from Shwangshipu, besides the threat of Japanese bombing, was the impossibility of conducting village industrial training in a large urban center.

In the winter of 1944-45, the school was removed to Shantan at the invitation of Governor Ku Chenglun of Kansu and has been in operation in that district since then.

In coming to what some consider to be the poorest region in the whole of China, the Bailie school set as its goal the training of industrial co-op workers who will then go out into the village and help integrate the agricultural and pastoral, now prevalent in that country, with the industrial, a new quantity in that region. One of the guarantees that the Bailie school graduate will not enter the service of some profitable private enterprise or obtain a lucrative official position, is the fact that the school issues no official diploma. This, however, did not deter a number of boys, formerly trained at the schools, from turning to a regular school where a diploma was issued, serving as a pass to advancement in life.

Tests Now Made Early

To counteract this tendency, to which humans are susceptible, the Shantan Bailie school now has a working probationary term at the inception of the training, in order to test the willingness of the proselyte for manual labor and his attitude toward the common people among whom he is expected to work for the rest of his life.

Chinese, Technical English, Mathematics, Bookkeeping, Economic Geography, Physics and Natural Science, also classes in co-operation, comprise the curriculum, besides the practical work carried on in the various departments of the workshop.

The construction department, the key to the further development and expansion of the school, has completed extensive repair and building work which includes the construction of a boiler house, a dining room for the school, chemical lab and quarters for two technicians, and a number of other buildings, which can be considered capital for Shantan.

Transport Animals

The so-called farm project, where students are trained with a view to the future integration of the two cultures which have for so long seen nothing but strife: the pastoral and the agricultural. The student while being more than conversant with farm work, must have a considerable knowledge of the care of transport animals, winter feeding of sheep, the growing of cotton, flax and hemp. The school owns more than 400 head of sheep which are grazed on the steppe at the foot of the snow-capped Alashan mountains.

Directly out of sheep rearing springs the leather tanning department, where lambskin and sheepskin coats are made for the boys for the winter months.

The farm has some 30 mou of land for growing vegetables for the school, and hemp for the manufacture of sandals.

The school has a spinning set of 239 spindles which, if increased to 500 spindles, would serve as the spinning unit for the village industries of the future. Three sweater knitters have been installed at Shantan and these are supplemented by four stocking knitters, but if these are to be used as prototypes for future knitting co-ops the purchasing power of the surrounding villages must be considered.

New Generator Provided

By far the most important change in Shantan with the arrival of the modern machine shop equipment sent by the American Committee in Aid of the CIC, will be the installation of the 60 KW. gas-driven generator unit. Constant trouble with boilers, diesel engines, and other means of power drive previously used in the Shantan machine shop, will be eliminated with the centralization of the power source when the generator is set up. Electric light is something new to Shantan and the arrival of the generator will open the way for the development of a number of industries which have hitherto been handicapped by the slow manual drive process.

A pottery kiln, a paper making division, a technical laboratory, printing shop, tailoring shop, rug weaving section, the electrical and truck transport section, are all part of the technical training of the Bailie boys in their preparation to go back to the village and work with the people for their livelihood.

About the only palpable difference between the training at the Shantan and the Lanchow Bailie schools is that the students at the latter are more advanced in theoretical knowledge of their subjects, such as mathematics and machine drawing.

Finishing Touches At Sandan

Chang Kuan-lien, head of both schools, but directly in charge of the Lanchow school, said that he hoped to make the Shantan school the first and last part of a boy's training, with an interim period of intensive theoretical study at Lanchow. At Shantan, the pupils are nearer to the life and the people they will have to work with, they have more opportunity to manage agricultural, pastoral and industrial units and it will be there that the finishing touches to the education of a Bailie boy will be administered.

Technical training at the Shantan school will take another step forward with the implementation of the novel —to the northwest—visual tachometer, an instrument which records the behavior of other instruments or parts under stress and in action. Strip film projectors will simplify the educational process, while blueprint sets and American technical magazines, such as the Machinist Handbook and the Aerodigest, will give the fourth term students a chance to catch up with latest technical developments in the United States.

Movement Praiseworthy

There can hardly be any doubt as to the merits and achievements of the Bailie schools educational institutions of a new type in this country, which have had to plod onward despite adverse conditions and numerous obstacles. The movement in itself represents a healthy process in the backward regions of China and as such should be aided and abeted with all possible means.

The question arises as to whether this movement will be able to rear and later uphold the new type of man it now proposes to educate. The question furthermore arises, whether this new type of man will be able to go out into the world, so markedly hostile to his ideas, and not only retain that which has been taught him, but further spread his ideals.

The leaders of this industrial co-operative movement, which is to bring happiness and a fuller life to the rural millions who now fare hardly better than beasts of burden, feel confident that their new man will justify their hopes. They stress, however, that this will not arrive within the period of five or six years, but may require considerably more than that.

Mighty Oaks From Acorns?

They point to the lessons of history where it is manifest that all great things began as small endeavors, with failure and success alternating at their beginnings.

The question remains, however, whether these beginnings spring at the right source and follow the right path.

NEWS OF THE WEEK

Hope Fading As 15-Day Truce Term Near End

PEACE prospects were dim the middle of this week as the 15 days of the latest Nationalist-Communist truce neared their end. Flat rejection by chief Communist negotiator Chou En-lai of Generalissimo Chiang Kai-shek's demands indicated near-impossibility of any compromise under which the truce might be prolonged, much less made permanent.

The Generalissimo's demands reportedly were for evacuation by the Reds of 1) Harbin; 2) Jehol and Chahar provinces; 3) North China; 4) Weihaiwei and Chefoo, the only two ports the Communists hold. In addition President Chiang's proposals, delivered through General Marshall, were for retention of only three Communist divisions in Manchuria, to be stationed at Tsitsihar, Hailunpao and Yenki. The Generalissimo also indicated the government would increase its Tientsin and Tsingtao garrisons, and take over Shantung peninsula upon its evcuation by the U.S. Marines.

When Gen. Marshall delivered the government's proposals, Chou rejected them unqualifiedly, also Marshall's suggestion he take them to Yenan, which Chou declared would be useless. However, Chou subsequently agreed to wire Yenan for a decision, the Hsin Min Pao reported.

One bright spot, a reported partial agreement on restoration of rail communications—with the problems of railway guards and administrative control left in abeyance—had appeared on the Nanking political horizon, but this literally was snowed under by messages centering upon the Generalissimo's latest proposals.

Wong Ping-nan, Communist spokesman at Nanking, declared Chiang's army reorganization plan "too unreasonable to be accepted."

Democratic League spokesman Lo Lung-chi, also in Nanking, declared the situation to be "extraordinarily critical" and said the League would seek to extend the truce, which expires today, rather than blindly attempt to work miracles.

Meanwhile, on the military front, the Communists attacks on Tsinan were said to be easing, the Reds having ceased their assaults on the Shantung capital's outer defenses as they shifted their troops. Tsingtao was reported to be calm and tranquil with the American Marines continuing in occupation and with earlier rumored evacuation plans obviously discarded. The Tsingtao sea routes were open, but the port is isolated by the Communist forces drawn up in a semi-circle inland.

Entry into Shantung of the Nationalist 54th and 73rd Armies, announced by Nanking Wednesday, was declared to be a defensive measure necessitated by Communist violations in attacking Tsinan and Tsingtao. This allegation of violation of the cease-fire order of January 10 capped almost a fortnight of charges and counter-charges of violations of the truce which came into existence June 7 and is scheduled to terminate today (June 22).

U.S. Offers To Destroy Atom Bomb—On Terms

THE atomic bomb, which crumbled Japan into surrender last August, will be renounced, its manufacture abandoned and its closely-guarded secrets revealed by degrees to an international control authority if a Bernard Baruch plan, offered last week on instructions from President Truman, materializes. The plan was put before the UN Atomic Energy Commission by Baruch as head of the American delegation and, naturally, drew world-wide attention.

Baruch's plan proposes 1) creation of an international atomic development board; 2) use of atomic energy; 3) destruction of existing bombs and cessation of manufacture as soon as adequate control is introduced under treaty; 4) gradual revelation by the U.S. of the discoveries it has made; and 5) immediate punishment of violators of the rules of control.

Emphasizing that the "matter of punishment lies at the very heart of our present security system," Baruch demanded that the great powers should give up their right to veto UN action in this sphere. "The bomb does not wait upon debate," he warned. "To delay may be to die."

Declaring it was a choice of international co-operation or international disintegration, Baruch said "Solution will require an apparent sacrifice in pride and in position, but better pain as the price of peace than death as the price of war." He insisted on provision for "immediate, swift and sure punishment" of those violating agreements reached by the United Nations, such as illegal possession or use of the atomic bomb, the separation of plants under the international atomic authority, and wilful interference with the authority's activities.

Press reaction in the U.S., Britain and several other countries was favorable, although difficulties in the way of such an international treaty were admitted. Silent was the Moscow press, however.

25 More Chinese Slain By Indonesian Gangs

INDONESIAN extremists in Java swelled their atrocity lists this week when 25 more Chinese were reported to have been slain at Bekassi, 25 miles from Batavia. Refugees reported both Chinese and Europeans were being held as hostages by the Indonesians, Chinese so held at Bekasiss being estimated at 500 while another 350 are being held at a nearby village.

The new outrages are not likely to be the last, in the opinion of Chiang Chia-tung, Chinese Consul-General at Batavia, who has been visiting Nanking to report on the situation of the 2,000,000 Chinese in the Dutch East Indies. He declared that so long as the present chaotic conditions exist, the overseas Chinese will be in an extremely difficult position.

Indonesian Premier Sjarir's spokesman has announced that his government would compensate the Chinese for their losses. He said eight extremists had been executed by the government at Tangerang, that 2000 Chinese had been taken into protective custody. He estimated the early June massacres had seen 140 Chinese killed with the missing estimated at 40.

The Chinese Association earlier had announced that, up to May 30, Chinese civilians definitely known to have been slain totalled 358, with 132 missing and 222 detained by the Indonesians.

Rice Officials To Face Military Court Here

FOUR leading officials of the local office of the Ministry of Food, held on charges of malfeasance and corruption, and the rice merchants now in custody for alleged manipulation and profiteering, are to face a military tribunal, it was indicated this week in the wake of investigations carried out by the Woosung-Shanghai Gendarmerie and the Procurator's office of the Shanghai High Court.

These prosecutions came in the wake of 10 charges made by Chen Chung-hang, special envoy for Kiangsu of the Control Yuan, into an alleged conspiracy centering about the CNC$1,000,000,000 lent by the four government banks to less than a score of hand-picked rice merchants of Shanghai.

Intended to alleviate the rice shortage and rising prices, the loan had the opposite effect: although stocks flowed into Shanghai, prices jumped to all-time highs well over the CNC$60,000 per picul mark. Chen's investigations, he reported, indicated prior understanding between the local food officials and the merchants they chose for the billion dollar loan.

The scandal growing out of the loan, which the local press has designated the biggest case of official corruption since V-J Day, is receiving the personal attention of Generalissimo Chiang Kai-shek, who this week telegraphed orders to Garrison Commander and Police Commissioner Hsuan Tieh-wu to deal with the culprits strictly according to law, without regard for their rank or position.

Chen Brothers Deny "CC Clique" Exists

IN a lengthy joint interview with three correspondents early this week, Chen Li-fu (see Who's Who in China, Review for June 1, 1946) and Chen Kuo-fu, denied the existence of the "CC Clique" and declared that they were economic leftists, being firm advocates of Dr. Sun Yat-sen's principle of livelihood for the people which, they said, was a socialistic compromise for capitalism and communism.

The Chen brothers, long considered to be the strongest of the reactionary right wing elements in the Kuomintang, denied that they wielded the influence in the party attributed to them, saying that the large amount of unfavorable publicity they had received came from Communist inspired attacks. They acknowledged a long enmity with the Communists, saying that they had been instrumental in organizing the Generalissimo's Canton coup against the Reds in 1926.

It was then that they took over the Party Ministry of Organizations, the ministryship of which one or the other has always held since, which gives them considerable control over party affairs.

Their explanation of the origin of the term "CC Clique" verified a rumor long current in newspaper circles but not generally known. Popularly, the term is supposed to come from the first initials of the brothers' romanized names. However, the actual origin apparently dates back to 1926 when it was invented by the Communists to represent the Central Club, which, the Communists charged, the Chens were organizing for the purpose of fighting against the "Great League" in Shantung for the purpose of splitting the Kuomintang.

Foreign correspondents and others took increasing interest in the activities of the Chen brothers during the war, especially after several American universities banned Chinese students following translation of an order issued by the Ministry of Education (then headed by Chen Li-fu) which established a group of student "spies" to supervise the "thoughts" of Chinese students studying in America. The order was subsequently repudiated by Chen Li-fu, who explained that an error in translation was responsible for the uproar.

3,000,000 Americans Said To Be Drunkards

APPROXIMATELY 3,000,000 Americans are afflicted with alcoholism, Dr. Selden D. Bacon of Yale University declared last week. Of this number, he said, one fourth are "full-fledged alcoholics." Although this makes alcoholism one of the main diseases in America, he estimated, there are altogether some 50,000,000 people in the United States who use alcohol. He advocated general recognition that alcoholism is actually a disease similar to many others and can be treated the same as other diseases.

A Reversal Of Power

Production	Germany 1939	Germany 1949	Russia 1940	Russia 1950
Steel (millions of tons)	23.7	5.8	18.8	25.4
Coal (millions of tons)	250	155	166	250
Electric Power (billions of kw-hrs.) ..	66	35	48	82
Autos (thousands of units)	342	80	300	500
Paper (millions of tons)	2.9	2.1	0.8	1.3

The above table, showing actual industrial figures of Germany and Russia on a 10-year basis, indicates how great will be the reversal of their economic positions. The figures for Germany in 1949 are those set by the Allied Control Council, while those for Russia in 1950 are the announced goals of the fourth Soviet five-year plan. In electric power, a good gauge for industrial production, Germany, which produced half again as many kilowatt hours as Russia in 1939, will have about half as much as Russia in 1950 Another gauge for heavy industry is steel. In this field Germany, whose production was about one-third greater than Russia's in 1939, will a decade later produce only about one-fifth as much steel as Russia.

Believe It Or Not, This Is NOT Shanghai!

"THE city is in the throes of runaway inflation. It costs an average citizen 50 percent more to live here than in Washington. Imported U.S. products sell here 400 to 500 percent higher, depending on the product. Cost of shipping, insurance and customs duties seldom run higher than 60 to 100 percent. The rest is a high margin of profit. Most dealers operate on the principle of slow turnover and high profit on individual items.

"Black markets in the surplus goods released by U.S. missions are wide open. Natives are seen around the lush tourist hotels and downtown business area hawking Havana cigars and American cigarettes, the latter bearing seals warning that they may not be sold except aboard ships. Prices are four and five times over U.S. ceilings.

"The housing shortage is the most prominent problem to the citizenry—even greater than the cost of living. Some residents insist the shortage is artificial, that there are all kinds of vacant apartments."

Might be Shanghai, eh? Well, it isn't; it's Rio de Janeiro, as described in World Report, a new Stateside weekly newsmagazine.

Company Formed To Sell Girls

Famine-stricken Hengyang is reported to be the location of a new company organized for the express purpose of buying, selling and transporting girls for purposes of prostitution. Young girls are reported to bring far less than a picul of rice in this Hunan city where an estimated half million people are faced with starvation. However, when transported to areas where food is more plentiful, the "merchandise" is said to bring a handsome profit.

Reds Outbid US For Argentine Trade

Light on the mysterious Soviet attitude of friendliness toward Argentina, which until a few weeks ago was a special target of Radio Moscow, was shed last week when the Combined Food Board announced that it was being outbid in Buenos Aires by the Soviet Trade Mission which is paying top prices for linseed oil and other products.

Washington observers pointed out that this was merely the most recent instance of America being outbid in world markets and blamed the U.S. ceiling prices for the situation, saying that the U.S., with artificially low prices, could not hope to compete with buyers from countries where no ceilings existed or where trade was completely regulated by the state.

US Indians Appeal To United Nations

The Red Indians of North and South America have decided to appeal to the United Nations Organization against unfair treatment by the United States Government. The decision was reached by the "Chiefs of the Grand Council at Stamford, Connecticut, recently. Claiming to speak for 500,000 Indians, the Council charged the United States with violation of more than 400 treaties since the days of George Washington.

This is the second minority group in America to make an appeal to UNO, the first being made a few weeks ago by an American Negro group, which also charged discrimination and oppression.

Chungking this week announced further steps toward implementing its 10 Year Plan, with the revelation that two bridges and one tunnel will be constructed within the next year to connect the city with opposite shores. Total cost for the spanning of the Yangtze and Chialing rivers will be CNC$3,450,000,000.

What U.S. Papers Say . . .

LAST week saw the American press center its attention on a wide variety of subjects which included the truce in China, the resumed Big Four Paris conference, the British Labor Party congress, atomic bomb control, India, Indonesia, Japan, Italy and Palestine. The major domestic issues were the Case labor bill vetoed by President Truman, whose action generally was endorsed, and the maritime strike.

* * *

CHINA

The real test, in the opinion of the Washington Post, will be "whether the Communists will actually permit the incorporation of their military forces in a national army, and whether the government will grant its rivals a large measure of autonomy and speed the transformation of the present regime into a truly democratic government." The Post added that the Chinese people "desperately yearn for peace," and that "if they have their way, the truce will be permanent."

Worked out under the leadership of General Marshall, the truce, said the Washington Star, opens the way to negotiations for permanent peace. The paper added that "there is evidence that Chinese of all political persuasions are coming to realize that their country can get nowhere as long as they fail to rise above personal and factional interests."

* * *

BIG 4

"There have been many councils of Foreign Ministers and heads of state during the war years and the first uncertain year of peace," pointed out the New York Times. "Each has been of great importance at its time and in its way. But none has been more important than the (present) conference in Paris seems to be in determining whether the result will be one world or two.

"The meetings offer one more chance—substantially improved, we greatly hope, by the American plan for Germany—for a return to the close and confident co-operation that characterized Allied policy during the war days. The alternative can only be further deterioration in the relations of the great powers and a marked acceleration of the trend toward splitting the world in two."

The Baltimore Sun called for all patience and resourcefulness. Stressing the need for understanding, the paper said: "It is important, above all, to remember that Russian motives are scarcely more wicked, to the Russians, than ours to us. We are confronted with the fact that joint work is to be done. Europe's efforts at recovery are paralyzed so long as the great powers continue to disagree. And the paralysis of Europe will, in the long run, be as harmful for the Russians as it will be for us. For if there is not to be agreement, then disagreement will set gradually into mold which can be broken only by violence."

ITALY

Newspapers in general applauded the Italians' decision to discard the monarchy and said it was the result of the failure of the House of Savoy to serve the Italian people well. The New York Times declared "the road ahead may hide pitfalls, but it is the way to freedom, recovery and respect." Commented the Christian Science Monitor: "Where European monarchies have meant tyranny, despotism, oppression, they have disappeared."

Said the St. Louis Post-Dispatch: "The people of Italy are at last rid of one of the least palatable of all the monarchies. This is the house whose Victor Emmanuel II betrayed the patriots Garibaldi and Mazzini and the renascence they planned for Italy; whose Humberto murdered hungry Italians rioting for bread; whose Emmanuel III betrayed his country into the hands of Mussolini and joined him in attacking Albania, Ethiopia, Greece and, jackal-like, prostrate France. Italy is the richer for having seen the last of this motley crew of miserable mediocrities, cutthroats and traitors."

* * *

INDIA

Praise of the British mission for evolving a plan which was acceptable to both Hindus and Moslems was voiced by the Washington Post, which said that while both factions found much to criticize in the plan, "its virtues in the eyes of all outweigh its faults." The Louisville, (Ky.) Courier-Journal remarked: "For the first time, the Congress Party and the Moslem League are agreed on a method of creating a new Indian constitution. Their inevitable disagreements on various provisions of that constitution ought to be relatively easy of solution."

* * *

ATOMIC CONTROL

"For any control plan to succeed," warned the Oakland Tribune, previewing the meeting of the UN commission, "each of the nations will, of necessity, have to relinquish certain sovereign rights. They must be willing to surrender existing bombs to an international agency. They must admit inspectors, they must either nationalize or surrender all deposits of uranium and thorium, and they must impose penalties on all those nationals who violate the international laws. Without these minimum guarantees, no control system can be effective.

The paper called for an informed and alert public opinion in the United States on the questions:

"Will Russia freely open its sealed-off borders to such world control?

"Will the United States freely turn over to an international agency its stockpile of bombs and atomic-energy producing materials?"

Russian Archbishops Here At Odds Over Diocese

TWO archbishops, one cathedral: That is the position in Shanghai today in regard to the Russian Cathedral at 55 Route Paul Henry where Bishop John, reported removed as local head by Archbishop Victor, who came from Peiping on orders from the Patriarch Alexis in Moscow, is making a stand to retain his diocese on the strength of orders received from the Metropolitan Anastassy at Munich, Germany.

Early this week Archbishop Victor had announced that he was removing Bishop John on orders from Moscow, the reason he gave being that Bishop John had refused to pledge allegiance to Patriarch Alexis.

In an announcement published June 20 in the local English-language press over Bishop John's signature, notice was served that the following radiogram had been received June 18: "Please officially inform Archbishop Victor that the Council of Bishops of the Russian Church Abroad, which assembled in Munich May 7, decided to erect Shanghai Region into independent diocese, to appoint you diocesan Archbishop of Shanghai, and to release Archbishop Victor from the administration of Shanghai diocese."

The radiogram bore the signature: "Metropolitan Anastassy, President of the Council of Bishops of the Russian Church Abroad; Bishop Serafim, Secretary."

Bishop John warned that, in accordance with this radiogram, all actions of Archbishop Victor concerning Russian Churches in Shanghai were declared null and void, and would not be recognized as legal.

Mystery Still Shrouds Siamese King's Death

THE death by shooting of 20-year-old King Ananda Mahidol of Siam, on June 9, remains a mystery. The official version that the Swiss—educated young monarch was killed in a gun accident, was challenged this week by the Bangkok periodical Thieng Them with a banner that read: "We suspect that our king was assassinated." The publication charged the king had been shot from behind.

Meanwhile, Premier Pridi Phanomyong's cabinet has been confirmed in office, following a vote of confidence by the Assembly. That Bangkok solons also had their doubts regarding their late ruler's fate was indicated in the Assembly when interpellations were put and answered by the Director General of Police, who said that no outsiders were in the palace at the time and that the king was closely guarded by trusted retainers.

Siamese foreign policy, enunciated this week, will be better friendly relations and understanding with the United Nations and other countries.

Students Launch Drive Against Civil War

INSPIRED by the spirit and courage of The Kunming students as well as the Hangchow students, the students of Shanghai have launched an "Anti-Civil War Campaign" to cope with the present critical situation in China.

The campaign was started on June 15 by students of National Chiaotung University and soon spread to all parts of the city, including St. John's University, Fu Tan University, Shanghai University, Hangchow University, Utopia University, Nanyang Girls Middle School, Nanyang Model Middle School, Chulung Middle School, Kuanghwa Middle School, Hwatung Middle School and a hundred other schools in Shanghai.

The chief object of this campaign is to save China from a total collapse, politically and economically as well as militarily.

At a mass meeting of more than 12,000 students in the Tien Tsi Theater on June 16, the large audience roared for peace, shouting: "Down with the Civil War;" "Long Live Peace and Democracy," and "Long Live a Peaceful, United and Democratic China."

Handbills and pamphlets urging an unconditional and lasting peace all over the country, were distributed in large quantities.

U.S. Prepared To Train Nationalists, Reds

AMERICA stands ready to train 1,000,000 men in China under a program developed by the State, War and Navy departments and approved by General of the Army George Marshall—if Congress approves. This would give China "an effective small army" of 60 divisions with Central and Communist troops in the ratio of five to one, as provided under the February 25 agreement.

The objective would be 1) to help China maintain internal security; 2) to help preserve peace in Asia; 3) to co-operate in whatever way necessary with the United Nations peace forces yet to be organized. The training plan is now being debated by the Senate's Foreign Relations committee.

Gen. Marshall reportedly already has assigned 87 advisers to Communist HQ to help the Reds train and modernize their troops in anticipation of merging them with American-trained regular Chinese divisions.

U.S. Foreign Legion

Senator Elbert D. Thomas (Democrat, Utah) last week reported growing support for the establishment of a U.S. Foreign Legion, the members of which would be recruited from among the citizens of America's wartime Allies. Thomas explained that this would help fill the void left by decreasing voluntary enlistments and would ease the pinch of the draft. He suggested that the Legion get the same equipment, pay and training as the regular army, with the exception of the special servicemen's benefits.

What Chinese Papers Say . . .

PARIS

COMMENTING on the meeting of the Big Four in Paris, the Ta Kung Pao expressed great optimism over the future of UNO as the foreign ministers of the Big Four will, it believes, compromise on their differences so that an understanding may be reached.

"Although China is not directly concerned over the problems of Europe, it is to be hoped that the peace of Europe, through the co-operation and understanding of the Four Powers, will greatly strengthen the position of UNO."

The Shun Pao emphasized that the present Conference must succeed because the most serious international repercussions are to be feared if it fails. The paper believes that to reveal the secrets of atomic energy, as proposed by the United States, and abandonment by the USSR of its policy of "security zones" were prerequisites to the success of the present negotiations.

Pointing out the importance of the meeting to the future security of the world, the Sin Wan Pao urged all the interested Powers to negotiate for peace with the same sincerity and earnestness as they earlier fought side by side to defeat their common enemy.

Enumerating the serious problems facing the meeting, the Chung Yang Jih Pao, official Kuomintang organ, sees difficulties in reaching an understanding in Paris because of the wide differences of opinion among the four Powers. However, the paper hoped that the foreign ministers would do everything in their power to solve all the problems because "the failure of the meeting of foreign ministers of the Four Powers will mean the failure of the Four Powers" in bringing lasting peace to the world.

* * *

TRUCE

Declaring that only a few days are left of the 15-day truce, the Wen Wei Pao was greatly worried over the development of China's future as little has yet been accomplished in the negotiations between the Kuomintang and the Communists. "Although the possibility for the conclusion of a peaceful agreement remains," the paper pointed out, "the attitudes of both the Kuomintang and the Communists have become firm and strong lately. Both parties have resumed their propaganda war and meanwhile military operations have failed to come to a complete standstill. Statements issued by Gen. Tu of the Northeast and Gen. Yen Hsi-shan of Shansi plainly indicate that war is inevitable."

The paper believes that the only solution of China's problem is the creation of a new movement—a movement to be supported by every intelligent and patriotic Chinese citizen desiring the immediate and permanent cessation of civil war.

The Ta Kung Pao pointed to the importance of trust in each other between the Kuomintang and Communists. "The Communists wanted to know for sure that their military force would be handed over not to the Kuomintang but to the Chinese Government. They wanted to know for sure also that after they gave up their military force they would preserve their political position." Although these worries were natural for the Communists under present circumstances, the Ta Kung Pao believed that if a Constitution can be adopted by the Legislative Yuan and if all the parties concerned can abide by the Constitution, there would be no other worries.

The Shun Pao was very critical of the Communists and condemned their refusal to accept Gen. George Marshall as the final arbiter in disputes between the Kuomintang and the Communists. "We believe that at the present time, when the Kuomintang and the Communists cannot agree on everything, it will be only possible to preserve peace if the two parties can respect the right of final arbitration by Gen. Marshall and the people. Anyone who fails to respect fully the final arbitration of the people is not democratic and has no intention to preserve national peace."

* * *

U.S. LOAN

Referring to press reports about a huge American loan—US$700,000,000—to China, the Chen Yien Pao wrote: "The question is not whether we should or should not borrow money from foreign countries. The problem in concluding such a loan is whether or not China's sovereign rights will be infringed upon."

Declaring that it is most important that every cent of the foreign loan be used for construction and not for selfish gain, the paper offered the following two points for consideration by the high officials: (1) It is to be hoped that the foreign loan will be used to improve China's financial conditions so that China's foreign exchange position can be maintained and that commodity prices will not be increased any more. (2) It is to be hoped that the loan will help China to improve her economic condition by the opening of mines, building of factories, development of communications, and realization of reconstruction projects. In closing the paper hoped that "civil war will come to an end immediately, so that the loan can be concluded."

EVENTS IN BRIEF

Two Soviet citizens and one Korean were condemned to death for trafficking in opium by the High Court of Hopei last week. The opium ring, broken by U.S. Marine Military Police in conjunction with Chinese police, was uncovered when members approached U.S. Marines with a request to fly opium to Shanghai. One German and one Hungarian received sentences of 10 years, while one Czechoslovakian and three Chinese were released for lack of evidence.

* * *

The Central Headquarters of the Kuomintang Party will soon be reorganized, according to a report from Nanking. Gen. Wu Te-chen, secretary-general of the party, is rumored contemplating a trip abroad.

* * *

The preparatory meeting of the Joint Association of the National Chamber of Commerce was scheduled for last weekend in Nanking with representatives of 31 provinces slated to attend.

* * *

The Alien Property Administration was challenged to "stand out and tell the public" what single achievement it has accomplished since the Japanese surrender by Cheng Tsang-po, supervisor extraordinary of the Control Yuan for Kiangsu District. Cheng particularly criticized APA's handling of enemy houses.

* * *

One company of Chinese Gendarmes (200 men) has been assigned to Japan. The men, part of the 23rd. Division of the Independent Gendarmes, saw service in India and Burma during the war.

* * *

The Ta Kung Pao last week charged that 80 percent of the commodities taken over from traitors at Wuhu have been stolen from warehouses by officials. The commodities, valued originally at CNC$3,000,000,000, were found to have "depreciated" while traveling from warehouse to warehouse until total value upon their delivery to the Alien Property Administration was only CNC$600,000,000.

* * *

Shanghai's filthy, refuse strewn waterfront will be transformed into a promenade rivaling those in New York and London when plans being drawn by the Public Works Bureau are completed, the Evening Post reported last week.

* * *

Between 400,000 and 500,000 students will be turned away by American colleges and universities this fall, according to Reconversion Director John W. Snyder. He predicted that overcrowded conditions will prevail for four years.

* * *

As of July 1 the readjusted plan for the division of tax revenue between the nation, state and city will go into effect. Under this plan the Shanghai Municipal Government will be allowed to keep a larger share of its collections than heretofore.

* * *

The State Department this week extended until July 15 the deadline for applications for travel grants to Chinese students in America. Under the travel grant plan, any Chinese student who has been offered a research or training position in universities and colleges in China may apply to the American State Department for traveling expenses in order to return to China.

* * *

Thirty of the 1000 Chinese engineers sent to the United States for advanced training left San Francisco this week for China. It is reported that another group of 600, who have also completed their training, will sail in July.

* * *

Beginning this week, ricksha pullers in Nanking insisted upon payment in advance. The move was agreed upon by the ricksha pullers guild after various members complained that often wealthy persons or high government officials refused to pay the agreed upon price at the end of the ride.

* * *

Statistics concerning the operation of the Shanghai-Nanking and Shanghai-Hangchow Railway Lines during May reveal that the former line carried 1,625,000 passengers during May, while the latter line carried 1,007,600 passengers during the month. The Shanghai-Nanking Line carried 267,974 tons of regular freight and 162,418 tons of military supplies, while the Shanghai-Hangchow Line transported 103,867 tons of freight and 10,168 tons of military supplies.

* * *

A group of Chinese pharmaceutical factories have petitioned the National Government asking that the import duty on foreign medicines be increased and the duty on raw materials for pharmaceutical factories be reduced. Further, the petition requested that the Government ban the import of all medicines which can be manufactured locally and that medicines which cannot be made in China be allowed into the country only on a quota basis.

* * *

Shanghai police are reported to have detained a representative of the Shiu Foong Company which allegedly has been selling cold drinks bearing the Caldbeck, MacGregor Company label. Police action was said to have resulted from a complaint by Caldbeck, MacGregor.

* * *

Last rites for General Tai Li, chief of the Bureau of Investigation and Statistics who was killed last March in a plane crash, took place in Nanking last week. His body had been lying in state in Nanking since it was recovered from the plane wreck. A two-day funeral, in which Generalissimo Chiang Kai-shek led other high officials, preceded the burial. A mile long procession made up of friends and followers of General Tai followed the body to the grave.

* * *

Shanghai had 57 labor disputes during May, according to the Bureau of Social Affairs. Most common reasons for the disputes were: 1) Demand for higher wages; 2) Demand for re-employment; 3) Discharge of workers; 4) Demand for dismissal of workers because of poor business.

* * *

The Nanking City Government this week faced the prospect of a huge deficit for the remainder of the year as estimated revenue was only CNC$4,500,000,000, while estimated expenditure for the final six months was CNC$9,000,000,000.

* * *

Because of the large amount of money wasted in Shanghai's cabarets and night clubs, the new Municipal Provisional Council is contemplating the recommendation that they be closed. This proposal, which estimates that Shanghai residents spend CNC$100,000,000 daily in cabarets, is reported to have already been drafted and will shortly be submitted to the Municipal Government.

St. John's To Register With Government

THE troubles of St. John's University graduates who have been debarred from government posts by reason of the 70-year-old educational center's non-registration with the National Government, are over. At any rate, they should be in the immediate future, for this week saw David W. K. Au, representing the Board of Directors, and Prof. C. T. Huang, representing the university authorities, depart for Nanking to file application for registration with the Ministry of Education.

Registration with the government had been planned in 1937, but the war intervened. Last week St. John's board, totalling 13, discussed and voted the step, action to implement which was taken this week.

(Editor's Note:—The move solves the problems of many graduates who, with St. John's officially re-recognized, have been unable to obtain government posts although such notable Johanneans, as Dr. T. V. Soong, to cite only one case, hold high government offices. One sufferer from non-registration voices his plaint in "Letters From The People" this week.)

Prostitution Said To Be Increasing

CORRUPTION and economic chaos were responsible for the alleged "skyrocketing" of prostitution throughout Kuomintang China, the Communist New China News Agency in Yenan reported last week.

Quoting various papers in Shanghai, Chungking and Hankow, the Communists, who, according to most foreign and Chinese visitors, have succeeded in virtually outlawing prostitution in their areas, claimed that 100,000 women, or one-fortieth of Shanghai's population, were engaged in street-walking. In Hankow, one out of every 10 women was said to be a prostitute, while in Hengyang 10,000 women out of a total population of 300,000 were reported walking the streets.

Prostitutes in Hankow were said to be charging as low as CNC$200 (approximately 10 cents U.S. currency) for one evening, while in Hengyang authorities were alleged to be levying a CNC$5000 "prostitution tax" per head.

EAT AT

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Who's Who in China

COL. BINTSE T. CHANG, government official; born at Pinhu, Chekiang in 1890; passed the literary examinations in the Manchu Dynasty and received the Shiu-tsai degree; B.A., of Fuh Tan University, Shanghai, 1909; sub-editor of the *Peking*

Col. Bintze T. Chang (Chang -Ping-chih)

張 炳 之

Daily News, 1909; professor of Peiping National University, Technical College and Salt Revenue College, Peiping, 1918-28; editor of the *Chinese Economic Bulletin*, published under the auspices of the Bureau of Foreign Trade, 1928-31; chief of Translation Section, Shanghai Municipal Council, 1931-37; joined the Chinese Air Force in 1937 with the rank of full Colonel; secretary of the Commission on Aeronautical Affairs, since 1939; author of "The Peking Dust" and a number of treaties on air combat and Japanese bombing published in English magazines in 1940 and 1941; address: Commission on Aeronautical Affairs, Nanking.

The city's bus and tram service will be extended until midnight, according to local reports. The extension of one hour, it was said, was scheduled because of the lifting of the midnight curfew.

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PEOPLE IN THE NEWS

CHEN KUO-FU, member of the Kuomintang CEC, this week paid his first visit to Shanghai since the Japanese surrender. More than 100 high government officials met him at Shanghai North Station.

* * *

MAYOR K. C. WU this week broadcast a warning to Shanghai's citizens over the spread of cholera. He pointed out that if each and every resident would do his part in following the Cholera Prevention Program it would not be difficult to prevent an epidemic.

* * *

GENERALISSIMO CHIANG KAI-SHEK this week received Admiral Auboyneau, commander-in-chief of French naval forces in the Far East.

* * *

DR. H. H. KUNG last week urged Shanghai's financial, industrial and commercial leaders to put their heads together to study the difficulties, requirements and conditions of supply and demand and of industrial production in the city. Occasion for the speech by the chairman of the board of the Bank of China was a reception at the Bankers Club which was attended by some 130 prominent local bankers and financiers.

* * *

PAUL V. MCNUTT was named first U.S. Ambassador to the Philippines by President Truman last week. McNutt, now serving his second appointment as U.S. High Commissioner to the Philippines, will become ambassador on July 4, the inaugural date for Philippine independence.

* * *

CARDINAL THOMAS TIEN, who recently returned from Rome, conducted a prayer for peace service last Sunday in the Tsingtao Cathedral, one of the five largest in China.

* * *

RONALD SARLY and G. EMELIANOFF, convicted of collaboration with the Japanese by the High Court last week, announced that they would appeal. They were sentenced to three years and two and one-half years respectively.

* * *

T. UASA, former officer at the Prisoners of War Camp in Shanghai, was sentenced to four and one-half years imprisonment by a Chinese Military Court this week following his conviction on charges of maltreating prisoners.

* * *

K. T. TING, deputy inspector-general of Customs, justified the appointment of E. A. Pritchard as commissioner of Shanghai Customs, in a speech at this week's memorial service at the Customs. Ting, who has held the Shanghai Commissioner's post concurrently with his inspectorship since the Japanese surrender, announced his relinquishment of the former job last week. Ting pointed out that Pritchard is the senior member of the Customs Service and deserves the appointment.

* * *

NATHANIEL PEFFER, professor of international relations at Columbia University, will leave for China soon as a visiting professor under the State Department's cultural cooperation program. He will lecture in Chinese universities and colleges.

* * *

MALCOLM ROSHOLT, formerly on the staff of the China Press here, has entered the primaries for the Republican nomination as congressman from the Seventh Congressional District of Wisconsin. During the war Rosholt served with the 14th Air Force in China.

E. P. WERDA, 22-year-old American seaman, who was sentenced to two and one half years imprisonment following his conviction of manslaughter in the fatal stabbing of an American sailor, has appealed his conviction to the Shanghai High Court. The case was adjourned following the preliminary hearing until a formal hearing before the full Court of Appeal.

* * *

LEONARD CLYDE SLATTON, UNRRA administrative officer in China, was sued for divorce in Los Angeles last week by his wife who charged that he had fallen in love with a Chinese girl. Mrs. Slatton produced a letter written by her spouse in which he said that he loved both the Chinese girl and his wife and could not "quite stand the thought of doing without either" of them.

* * *

CHU HSUEH-FANG and LIU NING-YI are scheduled to leave for Moscow tomorrow to attend the International Labor Conference as China's delegates. Chu is president of the Chinese Labor Association and chairman of the Shanghai Labor Union, while Liu is associated with the labor movement in Yenan.

* * *

YEH YUNG-SHENG, deranged, naked Taoist priest attempted suicide this week when he jumped into the Whangpoo. Fished out, he explained that he was despondent because the Chinese dollar was worth less than the American dollar and also said that he wanted to commit suicide because after accomplishing this act, he would be able to obtain an audience with Mayor K. C. Wu, at which he wished to express his views on the rice situation.

* * *

J. B. POWELL, publisher of the CHINA WEEKLY REVIEW, arrived in Tokyo from America last Tuesday to testify at the war crimes trials of Hideki Tojo and other Japanese war leaders.

* * *

LIANG HWA-SHENG was appointed acting governor of Kirin by the Executive Yuan this week. Liang has been deputy commander of the Peace Preservation Corps in Manchuria.

* * *

PREMIER T. V. SOONG this week received the added post of head of the Supreme Economic Council this week. The Council is the most powerful economic organ of the Central Government.

* * *

OU YANG-CHU, former vice-mayor of Canton, was elevated to the mayorship this week by the Executive Yuan. He replaces Chen Tse.

* * *

KAN NAI-KWANG, vice foreign minister, was named this week as special envoy with the rank of ambassador to represent China at the inauguration of Philippine independence on July 4.

* * *

L. K. KENTWELL, well-known local attorney and former member of the puppet Legislative Yuan, who was sentenced to seven years by the High Court last March, has been granted a new hearing following his appeal.

* * *

LEE WAI-TONG, China's greatest football player, is expected to arrive from Hongkong in the near future, according to press reports. Lee will play here with the visiting South China Football Team.

* * *

JOE LOUIS, 32, world's heavyweight champion, knocked out Billy Conn, 28, after 2:19 minutes of the eighth round of their title fight in Madison Square Garden, New York, on June 19.

16 Bankruptcies Recorded, $2600 Million Lost In Government Bond Market Crash

SHANGHAI's speculative markets were hard hit during the first few days of this week when the bond market crashed and the stock market suspended business on Tuesday (June 18). Quotations for Consolidated Bond C, which a few weeks ago reached the record high of $7000 (although the face value is only $100) dropped as low as $2500 while Bond E dropped from its high of $4500 to $1600. Quotations for Chinese stocks also fell.

On Wednesday, it was revealed that as many as 16 companies engaged in trading of stocks and bonds had gone bankrupt, having lost at least $2,600,000,000. The situation, though serious, will not affect the financial situation as a whole in the city, as speculation in stocks and bonds in the past month was not as widely practiced as before.

Bonds To Be Redeemed

The main cause for the general panic was the decision of the authorities to redeem the bonds according to the original schedule. Numbers were drawn in Shanghai on June 10 for the repayment of the principal and interest of Consolidated Bonds E. When news was circulated in the market that the Ministry of Finance would start redemption payments on July 1, the speculators became excited and dumped their holdings, sending prices toppling.

The panic certainly will serve as a lesson to speculators. It will be to their benefit if they would begin to realize that the government is determined to support the fapi and will not do anything which may weaken the confidence of the people in such legal tender.

Not only that, the Central Bank of China has plenty of gold bars to sell to keep the gold price at the present level and sufficient foreign exchange to meet legitimate demands and the Government certainly will take further drastic actions to control the financial markets and stamp out speculation.

U.S. Dollars Up

Although quotations on American dollars increased during the week ending June 15 because of large demands by importers who found it impossible to obtain foreign exchange through the exchange banks but meanwhile had to pay for imported goods which had arrived, the situation is expected to be improved in the near future.

As a measure to stop importers from buying American bank notes to pay for goods it is not permitted to import, the Central Bank of China has ordered foreign exchange banks not to accept U.S. currency in payment for imports. During the last few months, it has become the general practice for many importers to buy American currency in the local market and in turn use these notes to buy checks in American currency in America (generally belonging to foreigners or Chinese here) to pay for goods ordered. This practice has made it possible to import large quantities of unnecessary goods and has pushed up the prices of greenbacks although the official exchange rate of $2020 has remained unchanged.

Demand Stemmed?

It is to be expected that with only small quantities or practically no unnecessary goods imported, there will be little demand for these greenbacks and their quotations will remain steady and the market quiet.

Because of the big increase in US dollar quotations, gold price increased during the same period. On June 15, the gold price was $1,900,000 and on June 19 it was $1,920,000. In an attempt to force prices down, the Central Bank during the week sold 1361 bars openly and another 485 bars secretly at the following prices:

June 10	279 gold bars	at $1,965,000
11	330 gold bars	at $1,930,000
12	350 gold bars	at $1,960,000
13	128 gold bars	at $1,870,000
14	92 gold bars	at $1,860,000
15	182 gold bars	at $1,900,000

From these sales, the Central Bank derived from $2,500,000,000 to $2,700,000,000 in cash.

Rice Market Quiet

The rice market was quiet as a number of merchants have been arrested by the authorities and will be severely punished on charges of manipulation and speculation. At present, all shops have been instructed to sell all the rice they receive from outports. Should there be no arrival during the day, the City Government will allot them rice stored by different shops for some time and registered with the authorities. In this way, the rice market has been quieted and it is expected that there will be no sudden rise in prices in the near future.

Other commodity markets also ruled quiet. Quotations for cotton yarn rose slightly because of some demand from Canton. Sugar increased a little because of insufficient supply by the Taiwan Sugar Company and the increasing demand for summer cold drinks.

The following list gives the quotations of some of the leading commodities during the week:

	June 8	June 15
Gold Bars	$1,880,000	$1,900,000
US$ Notes	2,490	2,690
Bond C	6,200	4,600
Wing On Textile	5,870	6,680
Ewo Cotton	11,900	11,300
Rice	46,000	46,000
Wheat Flour	13,000	—
Peanut Oil	57,500	62,500
20's Twin Horse Yarn	1,240,000	1,290,000
Raw Silk	2,600,000	2,580,000
Artificial Silk	1,320,000	1,390,000
Ruby Queen Cigarettes	10,100	10,660
Koo Ban Soap	43,000	42,500
My Dear Matches	580,000	600,000

Economic Position Bad

General economic conditions remain bad with little business for the exporters, continued suspension or curtailment of operations of local factories, and poor business also for the speculators. As a result, interest rate in the black market dropped to 12 percent per month from 20 percent. Large sums of idle capital are afloat in town and it has become increasingly difficult to lend out money at black market rates.

In an attempt to solve China's economic problems, the Executive Yuan during the week organized a National Supreme Economic Committee with Dr. T. V. Soong, President of the Executive Yuan, as Chairman and Dr. Oong Wen-hao, Vice-President of the Executive Yuan and General Manager of China Petroleum Company, as vice-chairman. Among the committee members are Messrs. O. K. Yui, Wang Yung-wu, Yu Ta-wei, Chu Chia-hwa, Hsu Kan, Ku Chen-kang, Chou Yi-chun, Chiang Ting-fu, the Ministers of Finance, Economic Affairs, Communications, Education, Food, Social Affairs, Agriculture and Forestry and Director of CNRRA, respectively, and some leading bankers and businessmen in Shanghai, including Messrs. Li Ming, Hsu Chi-lu, Kuo Shun, Wu Wen-chou and Chen Soo-chang.

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Early Revival Of Chinese Shipping Predicted

WITH Chinese shipping concerns adopting an increasingly firm attitude toward foreign shipping and with the continued purchase of foreign vessels, local shipping observers this week predicted an early revival of the nation's shipping.

Some shipping circles even went so far as to predict that the time was not far distant when Chinese shippers would compete with foreign companies for Far Eastern and perhaps trans-Pacific trade. Meanwhile, both Jardiné, Matheson, and Butterfield and Swire were reported participating as minority shareholders in the organization of Chinese shipping concerns.

In addition to purchases by major Chinese shipping firms such as China Merchants Steam Navigation Company, numerous ships have been bought in Canada, Britain and the United States by smaller firms. For example, the Taian, the Chung Lien, the An Fu, the Hwa Yung, the Ta Shang Hai, the Chung Fu, the Li Min and the Fu Min were reported as purchasers of foreign ships running in size from 2000 to 8000 tons during the past week.

One report stated that more than 50 foreign ships have been purchased by Chinese firms so far and that total purchases will run into the millions of tons.

Although numerous Chinese shipping firms have announced plans for future lines to the South Seas and even to the U.S. West Coast and to Europe, all local companies solidly stand together in their insistance that China exercise her sovereign right of cagotage.

Strongest exception was taken to the Executive Yuan's emergency order opening to foreign shipping the four Yangtze River ports of Nanking, Wuhu, Kiukiang and Hankow. Although the Executive Yuan explained that the order was definitely a temporary, emergency move to get relief and other essential supplies into the hinterland, local shippers took the position that if Chinese ships could not carry the goods now, the people must wait until they can. Otherwise, they said, the foreign shippers will use this as an excuse to get their foot in the door of China's coastal and inland waterway traffic.

Shanghai Imports Exceed Exports 20 To 1

IMPORTS during April exceeded exports by 20 times, according to figures released here last week. Imports were valued at CNC$81,510,000,000, while exports for the month totaled only CNC$4,083,808,000.

The gradual increase of imports over exports was clearly shown by the following figures for the first four months of this year: January—Imports—CNC$9,382,000,000, exports—CNC$5,641,000,000; February—Imports—CNC$15,173,000,000, exports—CNC$3,308,000,000; March—Imports—CNC$44,208,000,000, exports—CNC$4,462,000,000; and April—Imports—CNC$81,510,000,000, exports—CNC$4,083,000,000.

BUSINESS FOOT-NOTES

The Central Bank has authorized the opening of a branch in Batavia on August 1 in order to speed Overseas Chinese remittances.

* * *

The Central Trust is reported to have decided to spend US$5,000,000 for the rebuilding of the Jukong Wharf off Yangtzepoo. When completed, the wharf will have godown space for 65,000 tons of freight and will have dockage facilities for ships up to 15,000 tons.

* * *

Well informed local industrial circles this week reported that the Government has worked out a plan for the repair of many of the factories destroyed by bombings and stripped by the Russians in the Northeast. Specific factories included in the plan are: Manchukuo Steel Works, Manchukuo Metal Works, Dairen Machine Works and the Anshan Iron Works.

* * *

The four government banks have fixed nation-wide remittance rates from Shanghai which range from CNC$2.00 per CNC$1000 to Szechuen, Kansu and Shensi provinces to CNC$60.00 to Foochow, Amoy and some cities in Kwangtung.

* * *

The Ministry of Finance will resume servicing all internal loans throughout the country beginning July 1, according to press reports. Payments on loans made before the war and secured on customs revenue were suspended during the war because of the Japanese seizure of customs.

* * *

April imports into the United States reached US$406,000,000, the highest figure for any single month since April 1929. U.S. commercial exports, (not including U.S. Government exports, UNRRA or Lend-Lease) amounted to US$582,000,000, only US$3,000,000 less than in March when the highest level in the past 25 years was reached.

* * *

The U.S. Office of Price Administration last week granted additional price increases for a limited number of products. Increases allowed included hikes for electric motors, pulpwood paper board and waxed paper. Increases for the latter two items, specified that manufacturers of the finished product must absorb the increase and not pass it along to consumers, so the retail prices for waxed paper and paper boxes will remain at the present level.

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Higgins, Inc. of New Orleans recently launched the first of a new type craft designed for both ocean and shallow river service. The vessel, which will carry up to 2000-ton loads, has a novel hull design which will give it a draft of from eight to 12 feet, depending on the load.

* * *

A notice published in the Chung Yang Jih Pao last Tuesday by the Li Sin Public Accountants Office warned imitators that the Parker Pen Company of America has registered all its trade marks with the Chinese Government and that future infringements will not be allowed. Trade marks registered are: Parker, Diamond, The Arrow, Vacumatic and Quink.

* * *

An Overseas Chinese concern to manufacture vehicles in China will be established in Shanghai shortly. The corporation, with a capital reportedly between US$50,000,000 and US$100,000,000 will make various light vehicles such as bicycles and pedicabs.

Representatives of factories established in the interior during the war met with Wang Yun-wu, minister of Economic Affairs, this week to discuss plans for the speedy opening of 100 confiscated Japanese factories. Reopening has been delayed since the end of the war last year mainly because of the inability of representatives of government and industry to agree on either joint operating details or outright purchase prices.

* * *

The China Petroleum Company (a government trust) will enter the oil production business in Taiwan in an effort to increase the island's production from its present 300,000 gallons of gasoline per month to a figure closer to Taiwan's requirements which are 500,000 gallons monthly.

* * *

Yunnan Province's large Kuchiu tin mines have been returned to private control so that owners are now free to produce and export without the wartime controls. Meanwhile, mine owners are reported to be asking for large loans in order to facilitate exports to America and other foreign countries.

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The Bureau of Resources and Supplies of the Executive Yuan has obtained 2000 trucks from the American Foreign Liquidation Commission and will sell them to the public for CNC$9,150,000 each, according to Chinese press reports. The trucks are five ton models of Dodge manufacture.

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More than 40,000 tons of goods purchased from the British Empire during the war arrived in Shanghai by ship in the past few weeks from India where it had been stored preparatory to being transported over the Stilwell Road.

* * *

Two large cotton mill firms are reported to have resumed production in Japan in the past few weeks. Although they are operating 6,500,000 spindles, no cotton yarn has been exported to date.

* * *

The United States has now passed the peak of post-war unemployment, according to Robert C. Goodwin, director of the U.S. Employment Service. Goodwin said the employment of veterans had increased by more than 2,000,000 during the past three months.

* * *

Reports from Hongkong say that American goods have dropped so heavily in price recently that importers are reducing orders and canceling some orders already placed. Oats are reported to have dropped from HK$90 to HK$40 per case, while plastic raincoats have dropped from HK$70 to HK$25.

* * *

The capital of the newly-organized China Petroleum Company (a government trust) of the National Resources Commission has been increased from CNC$1,000,000,000 to CNC$5,000,000,000, according to local financial circles.

* * *

The Financial Inspection Bureau of the Central Bank will shortly begin inspection of the banking practices of commercial banks. According to local press reports, the Bureau will restrict the extending of credit loans to speculators with speculative articles as securities. The interest rate for savings deposits will be increased so as to encourage savings deposits and banks will not be permitted to give credits against post-dated checks.

NEW BOOKS OF INTEREST

Uncle Joe's War

WRATH IN BURMA by Fred Eldridge. Doubleday & Company, New York, 1946. US$3.00, 320 pps. Reviewed in Newsweek Magazine.

IN the China-Burma-India theater of the late war it was often difficult away from the fighting lines to remember that it was a war being fought against the Japanese. It was a theater of many different commands and headquarters stretching from Chungking to New Delhi to Kandy, and the goings-on in these rear echelon comfort stations looked a good deal like a war among the British, the Chinese, and the Americans. It was a war of colliding national and personal jealousies and interests. The battles fought over what should go into press communiques and over who should issue them were some of the doughtiest battles ever fought, particularly by the British. In "Wrath in Burma" the first detailed account of CBI military politics, Fred Eldridge gives a blow-by-blow account of these skirmishes. He tells his story with the same relish that he derived from participating in them, for Eldridge, a young officer on Gen. Joseph Stilwell's public-relations staff, who walked out of Burma with Stilwell and went back in with him, fought a good part of his good fight keeping the British Southeast Asia Command from taking wholly undeserved credit for the American-Chinese accomplishments in Burma.

It is a significant story, and Eldridge does not fail to put his finger on some of the basic reasons for the many galling differences and conflicts that sprang up in the polyglot CBI command. He writes with a good deal of restraint and extra-ordinary self-effacement, and his book is on the whole a competent summary of the Burma Campaign, from the days of ignominious defeat in 1942 to Stilwell's triumphant, return two years later. It is also a story-portrait of that crusty, puritanical, uncompromising, much-hated, and much-loved character, "Uncle Joe" Stilwell, who so often in the dreary years of that particularly bitter little war seemed to be the only responsible man in sight who practiced what he preached.

"Uncle Joe" came out of the confused Burma war with a reputation for seldom resorting to his brass in his dealings with his men. He could have insisted upon space in one of the few planes used to evacuate civilians and wounded but instead he foot-slogged his way out at the head of a bedraggled column. When he finally reached India, he frankly admitted: "We got the hell licked out of us. It was humiliating as hell."

New Magazine

WORLD REPORT published by United States News Publishing Corporation, Washington, D.C. US$0.15 per copy, first issue May 23, 1946.

WORLD Report, weekly news-magazine dealing with world affairs, made its debut in America with Lloyd E. Lehrbas, an Old China Hand, at the editorial helm as its Executive Editor, Vice-Admiral Russell Willson as Associate Editor and Howard Flieger as General New Editor. Others of its globe-covering staff of particular interest here are Charles H. Kline, Far Eastern Editor, and Frank Wendell Rounds, Jr., Chief of China Bureau.

Generalissimo Chiang Kai-shek's likeness graces the front cover of the initial issue, featured article in which was "Can China Be United?"—an ably handled review based on reports from Nanking and Changchun supplemented by authoritative sources in Washington. Although printed almost two months before the 15-day truce concluded a fortnight ago, many aspects of the situation discussed show little change from the position in China today outside of the fact that Changchun and other leading Manchurian cities now are in government hands.

Summed up, World Report reaches the conclusion that there are "indications that the revolution (the writers view present developments as a continuation of the "revolution that has been going on since 1911) must work itself out" and that the "Big Three will influence the final answer." Another feature of World Report's first issue is a biographical sketch of Generalissimo Chiang, "the man the world sees as the symbol of China," and who, the paper opines, will head the new coalition that is to rule China, if a settlement is reached.

Other highly interesting special articles, each occupying a page or more, deal with the "Changing Trend in Russian Tactics;" the Anglo-Russian conflict in Iran; Germany, which is seen benefitting by the division among the Allies; "Russia's Rocky Road to Economic Power;" the Combined Food Board; Franco's Spain; Peron's Argentina; the clothing shortage, which it believes may last two more years; Canada's success in Latin-American markets; Britain's miners' hardships; Molotov, "Stalin's ace negotiator; life around the world; a pictorial review of the rise and fall of Mussolini and Fascism; Germany as a tax burden for the U.S. and Britain; and news brevities on world events.

World Report, the reader will find, is an interesting 52-page publication produced by capable, experienced editors, equally well thought out and printed. Illustrations are many and include charts and "pictographs" of the type long popular in the weekly United States News. It is safe to venture the prediction that World Report will prove a world-wide success if the high standard of the initial two editions is maintained.

Editor Lloyd E. Lehrbas, better known as Larry to many in China, will be remembered by Shanghailanders as the humorist who turned out the daily column, "Pagoda of Piffle, in the Evening Star (afternoon edition of the late Edward Ezra's China Press) at the beginning of the 1920's. Lehrbas was next here with Associated Press, with whose foreign service he served with conspicuous ability until he donned khaki and became General Douglas MacArthur's public relations officer in Australia, with the rank of colonel. An international reporter of note, Larry won honorable mention from the Pulitzer Prize Committee for his eyewitness account of the bombing of Warsaw in 1939.—*M.E.*

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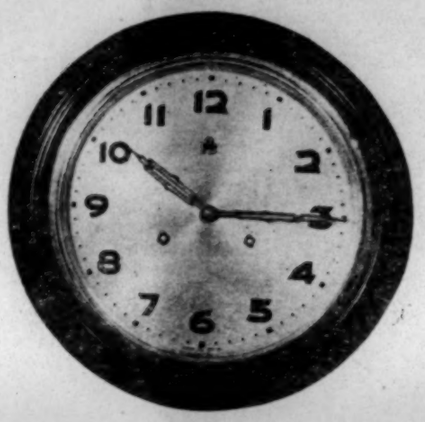

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京滬線 NANKING-SHANGHAI LINE
TIME TABLE

54	52	2	4	6	58	8	10	車次 TRAIN NO.	53	51	3	5	1	57	7	9
4th Class	3rd Class	Tri. Exp.	1,2,3 Exp.	1,2 Exp.	4th Mixed	1,2,3 Night Exp.	1,2 Night Exp.	站名 STATIONS	4th Class	3rd Class	1,2,3 Exp.	1,2 Exp.	1,2 Tri. Exp.	4th Mixed	1,2,3 Night Exp.	1,2 Night Exp.
1.20	5.00	7.00	9.00	11.00	16.20	21.00	22.00	D 上海北站 SHANGHAI NORTH A	13.25	17.30	15.50	19.20	22.30	4.50	5.35	6.20
2.43	6.51		10.06	12.15		22.34		D 崑山 KUNSHAN D	11.50	15.51	14.50	18.05			4.28	
3.34	7.54	8.41	10.47	12.58	19.51	23.32	0.11	A 蘇州 SOOCHOW D	10.53	14.45	14.05	17.18	20.51	2.10	3.39	4.30
3.44	8.02	8.48	10.55	13.06	20.06	23.39	0.18	D SOOCHOW A	10.45	14.37	13.57	17.11	20.43	1.50	3.32	4.23
4.53	9.14	9.36	11.43	14.03	21.21	0.35	1.11	A 無錫 WUSIH D	8.52	13.28	13.09	16.17	19.55	0.10	2.39	3.30
4.59	9.20	9.42	11.50	14.09	21.31	0.42	1.17	D WUSIH A	8.46	13.22	13.03	16.11	19.48	23.57	2.32	3.24
6.07	10.56	10.31	12.47	15.08	22.43	1.40	2.18	A 常州 CHANGCHOW D	7.38	11.45	12.13	15.10	19.01	22.45	1.42	2.35
6.30	11.07	10.41	12.57	15.18	23.03	1.50	2.28	D CHANGCHOW A	7.28	11.35	12.03	14.56	18.51	22.14	1.20	2.25
7.47	12.30		13.49	16.16	0.42	2.55	3.32	A 丹陽 TANYANG D	6.07	10.08	11.06	13.51		20.54	0.03	1.02
7.57	12.38		13.53	16.20	1.00	2.59	3.36	D TANYANG A	6.02	10.00	11.03	13.42		20.44	23.59	0.58
8.48	13.35	12.08	14.30	17.04	1.57	3.45	4.21	A 鎮江 CHINKIANG D	5.11	9.09	10.27	12.56	17.18	19.46	23.06	0.05
9.11	13.42	12.15	14.38	17.13	2.10	3.53	4.28	D 西站 WEST A	5.04	8.59	10.20	12.49	17.11	19.33	22.56	23.56
11.30	15.40	13.35	16.10	18.45	4.35	5.30	6.00	A 南京 NANKING D	2.50	7.00	9.00	11.00	15.50	17.00	21.00	22.00

FARE LIST

STATIONS	站名	Kilo.	I Class Ordinary	I Class Express	II Class Ordinary	II Class Express	III Class Ordinary	III Class Express
SHANGHAI	上海							
KUNSHAN	崑山	52	2,800.	3,800.	1,400.	1,900.	700.	1,000.
SOOCHOW	蘇州	87	4,400.	5,400.	2,200.	2,700.	1,100.	1,400.
WUSIH	無錫	129	6,400.	7,700.	3,200.	3,900.	1,600.	2,000.
CHANGCHOW	常州	168	8,400.	10,100.	4,200.	5,100.	2,100.	2,600.
TANYANG	丹陽	213	10,400.	12,500.	5,200.	6,300.	2,600.	3,200.
CHINKIANG WEST	鎮江西站	243	11,600.	14,000.	5,800.	7,000.	2,900.	3,500.
NANKING	南京	312	14,800.	17,800.	7,400.	8,900.	3,700.	4,500.

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TIME TABLE

23	21	61	67	41	25	車次 TRAIN NO.	42	24	68	26	22	62
1,2,3 Exp.	West Lake Excur.	2,3,4 Class	4th Mixed	2,3 Class	1,2,3 Exp.	站名 STATIONS	2,3 Class	1,2,3 Exp.	4th Mixed	1,2,3 Exp.	West Lake Exc.	2,3,4 Class
6.45	7.50	8.10		14.50	16.04	D 上海北站 SHANGHAI NORTH A	13.05	13.30		18.00	20.00	22.35
7.04	8.06	8.36	9.36	15.15	16.59	D 上海西站 SHANGHAI WEST D	12.47	13.14	16.55	17.45	19.46	22.16
7.47		9.38	11.12	16.17	17.51	A 松江 SUNGKIANG D	11.42	12.28	15.31	16.58		21.12
7.52		9.43	11.45	16.22	17.56	D SUNGKIANG A	11.37	12.23	15.21	16.53		21.07
9.00	9.50	11.14	13.53	17.53	19.20	A 嘉興 KASHING D	10.06	11.16	13.20	15.45	18.01	19.37
9.10	9.58	11.23	14.08	18.03	19.30	D KASHING A	9.56	11.03	12.58	15.35	17.51	19.27
9.45		12.06	15.05	18.48	20.04	D 硤石 YEHZAH D	9.10	10.30	12.08	15.03		18.46
10.16		12.51	16.04	19.33	20.35	A 長安鎮 CHANGAN-TSENG D	8.22	9.43	11.02	14.29		17.57
10.21		12.56	16.20	19.38	20.40	D CHANGAN-TSENG A	8.17	9.38	10.52	14.24		17.52
11.25	11.45	14.10	18.25	20.50	21.35	A 杭州 HANGCHOW D	7.05	8.40	9.00	13.30	16.05	16.40

FARE LIST

STATIONS	站名	Kilo.	I Class Ordinary	I Class Express	II Class Ordinary	II Class Express	III Class Ordinary	III Class Express
SHANGHAI	上海							
SUNGKIANG	松江	45	2,400.	3,400.	1,200.	1,700.	600.	900.
KASHING	嘉興	99	4,800.	5,800.	2,400.	2,900.	1,200.	1,500.
YEHZAH	硤石	126	6,400.	7,700.	3,200.	3,900.	1,600.	2,000.
CHANGANTSENG	長安鎮	151	7,600.	9,200.	3,800.	4,600.	1,900.	2,300.
HANGCHOW	杭州	190	9,200.	11,100.	4,600.	5,600.	2,300.	2,800.

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